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ABSTRACT

This document presents testimony and statements from one of a series of Congressional field hearings intended to critically review all the programs associated with the Higher Education Act of 1965. Issues addressed in the testimony and prepared statements include: how the United States can maximize the number of students, including non-traditional students and first generation students, in postsecondary education; how the United States can encourage more students to pursue graduate studies, including women and minorities in underrepresented fields; means of improving the financial aid system in order to reach the entire spectrum of middle America; means of improving educational quality; and ways of allowing students to choose among the entire spectrum of postsecondary opportunities while minimizing loan defaults. The testimony and statements include numerous observations concerning the status of higher education in the State of New Jersey. Testimony was delivered by presidents, deans, directors of financial aid and student representatives from various New Jersey universities and colleges, as well as by officers of several governmental and other agencies concerned with education. Eighteen prepared statements, letters, and supplemental materials are included. (GLR)

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: NEW BRUNSWICK, NEW JERSEY

HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

HEARING HELD IN NEW BRUNSWICK, NJ, JUNE 21, 1991

Serial No. 102-63

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

FRIDAY, JUNE 21, 1991

House of Representatives,
Subcommittee on Postsecondary Education,
Committee on Education and Labor,
New Brunswick, NJ.

The subcommittee met, pursuant to notice, at 9:40 a.m., Rooms A and B, Browers Commons, Rutgers State University of New Jersey, College Avenue, New Brunswick, New Jersey, Hon. Donald M. Payne presiding.

Members present. Representatives Payne, Andrews, and Roukema.

Staff present: Maureen Long, legislative associate; Diane Stark, legislative associate; Gloria Gray-Watson, administrative assistant; and Jo-Marie St. Martin, minority education counsel.

Mr. Payne. Good morning. Good morning, everyone.

All. Good morning.

Mr. Payne. We are certainly very pleased to be here this morning to call this field hearing at Rutgers, the State University of New Jersey, here in New Brunswick, New Jersey, to order.

First of all, we generally are a little closer to our audience, especially when it is not a hostile meeting, but maybe that is what it will end up as, but I would just like to, first of all, thank Dr. Francis Lawrence, the President of Rutgers University, for making these fine facilities available, but also in particular Dr. Les Kaplan, Director of Government Relations, and Mr. Cooney, who worked hard to make sure all the arrangements were done properly.

We here in New Jersey have so many fine resources with our universities and colleges throughout the State, and I think it is a great opportunity that we have here to showcase one of our fine institutions.

This hearing will cover some of the critical issues surrounding the Reauthorization of the Higher Education Act of 1965, and I am grateful to have this opportunity to discuss these issues with my colleagues and good friends from the Subcommittee on Postsecondary Education, Congresswoman Marge Roukema and Congressman Robert Andrews.

The Subcommittee on Postsecondary Education will hold 46 hearings in Washington and a host of field hearings throughout the United States of America.

Additionally, the subcommittee has asked over 200 educational organizations to submit suggestions and proposed amendments to the Act.

We hope to make a thorough re-examination of all of the programs. Although there were reauthorizations in 1980 and 1986, the last major changes were made in 1972. Hence, many of the programs have grown without the benefit of a logical plan. Therefore, during this reauthorization, every aspect of each title will be examined, and we are ready to make the fundamental changes that we feel are necessary.

Many circumstances have changed since the last reauthorization. The number of non-traditional students, which includes older and part-time students, has increased dramatically. Low-income and middle-income families are finding it increasingly difficult to find the money to send their children to college.

Additionally, there are new requirements for the American work force. As we approach the year 2000, we must realize that we need more postsecondary students to study mathematics, science and engineering. This means that there will have to be a commitment to developing these programs and institutions nationwide.

Everyone must be prepared for a society that is becoming increasingly dependent on advanced technology. Therefore, having access to a quality education is imperative. These educational opportunities should be expanded to traditionally under-represented groups, new immigrants, low-income people, people of color, and women.

Moreover, if we truly believe that all students should have access to a postsecondary education, then we must support additional funding for Title IV of the Higher Education Act, which assists in providing basic educational opportunity grant, supplemental grants, and by providing special projects and programs to encourage disadvantaged youth to attend college and provide remedial services to students who need the extra assistance to attend college.

Additionally, there has been increasing concern about the waste, fraud and abuse in the guaranteed student loan program. Loan default rates overall have continued to grow at a rapid rate. The goal of the program should be to increase the access of students in obtaining a postsecondary education. However, more than half of the money is being used to pay for loan defaults at the present time.

Also, charges of abuse and fraud continue to surface. Although most proprietary schools do a good job in educating students, several have been caught defrauding the guaranteed student loan program.

I hope that during this reauthorization, we can find some ways to decrease fraud and build upon the various strong points of these programs.

Mrs. Roukema, Mr. Andrews and I want to make sure that New Jersey students continue to have access to a quality postsecondary education, and we certainly look forward to hearing from the distinguished group of witnesses.

[The prepared statement of Hon. Donald M. Payne follows:]

PREPARED STATEMENT OF HON. DONALD M. PAYNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

I am pleased to call this field hearing at Rutgers, the State University of New Jersey, in New Brunswick, New Jersey to order.

This hearing will cover some of the critical issues surrounding the reauthorization of the Higher Education Act of 1965 and I am grateful to have this opportunity to discuss these issues with my colleagues and good friends from the Subcommittee on Postsecondary Education, Congresswoman Marge Roukema and Congressman Robert Andrews.

The Subcommittee on Postsecondary Education will hold 46 hearings in Washington and a host of field hearings, like this one, throughout the country. Additionally, the subcommittee has asked over 200 educational organizations to submit suggestions and proposed amendments to the act.

We hope to make a thorough reexamination of all of the programs. Although there were reauthorizations in 1980 and 1986, the last major changes were made in 1972. Hence, many of the programs have grown without the benefit of a logical plan. Therefore, during this reauthorization, every aspect of each title will be examined and we are ready to make the fundamental changes that are necessary.

Many circumstances have changed since the last reauthorization. The number of "nontraditional" students which includes older and part-time students, has increased dramatically. Low-income and middle-income families are finding it increasingly difficult to find the money to send their children to college.

Additionally, there are new requirements for the American work force. As we approach the year 2000, we must realize that we need more postsecondary students to study mathematics, science and engineering. This means that there will have to be a commitment to developing those programs and institutions nationwide.

Everyone must be prepared for a society that is becoming increasingly dependent on advanced technology.

Therefore, having access to a quality education is imperative. These educational opportunities should be expanded to traditionally under-represented groups—low-income people, people of color and women.

Moreover, if we truly believe that all students should have access to a postsecondary education then we must support additional funding for Title IV of the Higher Education Act, which assists in providing basic educational opportunity grants, supplemental grants and by providing special projects and programs to encourage disadvantaged youth to attend college and provide remedial services to students who need the extra assistance to attend college.

Additionally, there has been increasing concern about the waste, fraud and abuse in the Guaranteed Student Loan Program. Loan default rates overall have continued to grow at a rapid rate. The goal of the program should be to increase the access of students in obtaining a postsecondary education. However, more than half of the money is being used to pay for loan defaults.

Also, charges of abuse and fraud continue to surface. Although most proprietary schools do a good job in educating students, several have been caught defrauding the Guaranteed Student Loan Program.

I hope that during this reauthorization we can find some ways to decrease fraud and build upon the various strong points of these programs.

Mrs. Roukema, Mr. Andrews and I, want to make sure that New Jersey students continue to have access to a quality postsecondary education.

Finally, I would like to welcome the distinguished witnesses and I look forward to their testimony.

Mr. PAYNE. At this time, I would like to ask the ranking colleague on this committee, Congresswoman Roukema, if she would have an opening statement.

Mrs. ROUKEMA. Thank you, Mr. Chairman.

How do you like that title, huh?

Mr. PAYNE. Not bad for a relative newcomer, right?

Mrs. ROUKEMA. You have had a dramatic rise to the top, I must say.

Thank you, Mr. Chairman, and my colleague, Mr. Andrews. I thank you for all being here, and I am pleased to participate in this. I hope you will forgive me if I have quite a few things to say, having served 10 years on this subcommittee, and this is the second reauthorization of the Higher Education Act, and I think I have some insights.

Let me try to be brief, if I can, but I do want to say that having observed over the last 10 years the changes, we are really in need of reassessment of the trends that have affected higher education, impacted them, over the past years.

Certainly, we know, in addition to what the Chairman has already outlined, that there have been increases in college costs that far exceed inflation and that is troubling. The squeeze on middle-income families is becoming more and more apparent, and the growth in the participation of students attending the proprietary for-profit vocational schools has been, of course, dramatic and been the subject of much debate, which I will go into further, not to mention the budget crunch.

We all want more money, but the budget realities are becoming more and more apparent.

Most attention is currently being focused on Title IV, which is the assistance programs, for access for the poor, low and moderate-income students for loans and grants in higher education.

I am particularly concerned with the issue of college costs and the impact of those costs, rising costs, on students.

There are far too many students that are denied financial aid or receive too little assistance relative to the cost inflation under the programs as they currently exist, and I must tell you this year gives me reason to say with Yogi Berra, it sounds like deja vu all over again. I have got to tell you that I was a Member of the committee when David Stockman came before us as a representative of the Reagan Administration and told us of his plans, which led me to say to David Stockman at that time, "David, if you go through with this, and you're saying that the poor can go to college and the rich can go to college, but the middle class is dealt out."

I am fearful that the program as has been presented in President Bush's budget, my President, President of my party, and presented before the committee by Secretary of Education Lamar Alexander, is perhaps too much following in that vein and is going to impact too heavily on low and moderate-income students, and that is going to be a serious problem for us to assess.

I am not going to go into the numbers as we have evaluated them from the administration, but perhaps some of our witnesses today will go into that.

Going on to what I see as the problem here in New Jersey as the program impacts on us, we have a real problem with the use of the fixed asset in the formula.

As you may remember, Mr. Chairman, back in 1986, either inadvertently or advertently, I certainly cannot explain, perhaps we simply did not understand the consequence of the new formula by putting the house or the family farm or the ranch in the formula for assessing eligibility for the student loan.

The consequence for us has been very, very negative. By us, I mean certainly in the Northeast, where high property values give a distinct disadvantage to our students who are qualifying, and I need not explain to you that there are a lot of families here who are house-rich but cash-poor, and the student loan program really is devised to give cash flow to those students who need it.

The use of the house as a fixed asset in the formula definitely gives a regional bias, and as a consequence, in New Jersey, there are many, many students who no longer qualify for student loans but are just as needy as they ever were.

I am going to continue to seek a change in Congressional Methodology, and I trust I will have the support of my colleagues, and have that formula changed, removing the house as a fixed asset.

The second problem that is of great concern to me and should be of the greatest concern to all of us on both sides of the aisle is the problem of the student loan default program.

Defaults are robbing the federally-guaranteed student loan program of available funds to the tune of at least half of those funds appropriated every year. Over $2.4 billion, B as in boy billion, last year alone were lost to the revolving student loan fund because of defaults. The numbers have skyrocketed and they have grown into a national scandal over the last 10 years.

As you know, I tried very hard last year to get an amendment through the Education bill on the Floor last year that would have instituted stringent reforms to the student loan program, particularly as it applied not only to all schools but in this case particularly it applies to the proprietary schools. The numbers are clearly documented, the problem being primarily with proprietary schools, where—and, by the way, not all the proprietary schools are scam schools, but there are a good number of bad apples.

When you look at the numbers and see that year after year, certain schools calculate 40, 50, even 60 percent default rates year after year, then you know there is something wrong and something that is in need of correction.

What happens here is that the funds are guaranteed, full faith and credit of the United States Government behind them, the school keeps the student aid money, the students frequently drop out before they ever learn a skill or get a job or even realize that they are liable for the student loan, the bank gets fully-guaranteed government money, they get fully reimbursed for these loans, and the student is left holding the bag. No job, a bad credit rating, and no income to repay those loans, and the taxpayer gets the bill, and as I said, this year alone, this year alone, that bill amounted to $2.4 billion.

I am not going to go into the details of my reform legislation. Suffice it to say that the amendment was defeated on the Floor, but I was vindicated, Mr. Chairman, when the Budget Committee last year adopted some of those reforms as part of the cost-saving measures in the budget.

I hope that this year, in this bill, we are going to adopt the remainder of those reforms, and I will have questions to direct to the appropriate panel members at the right time.

Mr. Chairman, I thank you for this opportunity. I think there is a great opportunity not only to enhance higher education for all of our students, whether traditional or non-traditional, but also to help at the same time restore credibility to the student loan program and reduce the default rates and gain more access for more students.

I might say as a member of the minority here but dedicated to higher education and education for all students, that as a Federal responsibility, I think that before we are willing to advance and expand into other areas of educational assistance, we must take first things first and fulfill our commitment to fund properly the student loan program and the Pell Grants to provide higher education for all our students.

Thank you, Mr. Chairman.

Mr. **Payne**. Thank you very much for those remarks and your experience on the committee certainly comes forth, and now we have a new Member of the committee serving his first term, Congressman Andrews, and let me say he has shown tremendous interest and ability during his short stay.

Mr. **Andrews**. Thank you, Mr. Chairman.

I think the main reason the Chairman likes me is that he is now senior to someone, actually to a number of people.

For those of you who are represented by Congressman Payne, you would be very proud of what he does every day in Washington. He is an articulate voice and sometimes a lonely voice for minorities and communities and concerns that are not in the popular mainstream in Washington, but his conscience and his ability to articulate his conscience are an inspiration to a lot of us.

And Mrs. Roukema is someone who has developed a reputation that I have found already is rare in Washington, and that is of someone who places the merits of an issue ahead of a partisan concern, and our committee that we are on, I suppose, is labelled as one of the most partisan ones in the Congress, the Education and Labor Committee.

Mrs. Roukema is widely regarded by people on both sides of the aisle as an independent thinker, an independent voice, and I appreciate the graciousness she has shown to me and the leadership that she has also shown.

It is good to be back in New Jersey, and it is good to be back at Rutgers, and I appreciate the fact that the university is hosting us here today.

Rutgers, in many ways, the story of Rutgers is the story of what higher education in this country ought to be but no longer is. Rutgers is a place where, I suppose, hundreds of thousands of people in the recent past have had an opportunity to go as far as their ability and their enthusiasm and their desire would take them, and this is an institution that lives because of the principle that in this country, where you end up is not determined by where you start. It is determined by how hard you are willing to work and how much ability you have.

I think that is a principle that we still give lip service to but do not give proper credence to and do not give proper commitment to in the funding of higher education in the country.

Specifically, these hearings have, I think, brought to light two problems in the higher education funding system in our country.

The first is the lack of will and the second is the lack of clear policy in what we already do.

I think that when push comes to shove, there is a lack of will to make higher education and universal access to higher education a major priority of the country. You will find almost no one in official Washington who will disagree with that as a rhetorical proposition. That is that universal access should be a goal. You will find very few people who are willing to make the hard choices about national priorities that will in fact make it a reality for people.

This committee, both sides of the aisle, has been working to try to change that lack of will and come up with a 1991 reauthorization that will make education more broadly available to more people, and make our country more competitive and fair at the same time.

I do think we also have a lack of organization or clear policy in our programs. Mrs. Roukema has been a leader in calling attention to this problem, and I think if we went to a shopping center today or a diner somewhere in New Jersey and asked the taxpayers of the country what they thought about the fact that roughly half of the money in the student loan program does not go to student loans, I think they would be pretty outraged to hear that.

I think they would be pretty outraged to hear that upwards of $2.5 billion a year of their money is not being used to subsidize new loans for students to go to college. It is being used to pay off defaulted loans and to pay administrative costs of programs that ought to be sending students to places like Rutgers and the other fine schools here in the State of New Jersey.

The fact of the matter is that we have a program that is correct in its intentions but deficient in its application, and we are trying to find ways to make it more efficient, to make its reach extend to more families, and I think that this reauthorization has us standing at a crossroads in educational policy in the country.

We are either going to go toward a policy where we have a three-tier class system in education or we are going to go toward a policy where we truly have universal access.

I think right now, we are headed down a track where the future will look like this: if you are very, very affluent or if you are extraordinarily poor and extraordinarily gifted, if you are the best science student in the State or the best football player in the State and very poor, or if you are very wealthy, you will be able to go to the school of your choice.

If you are in the middle class, you will perhaps have access to public higher education, but it will be a public higher education system that has been diluted and watered down and made mediocre by the twin crunch that it is undergoing right now of more students, more demands and fewer dollars to meet those demands.

The combination of budget cuts, subsidy cutbacks and more demands by students are going to reverse the process that we have seen in this State of making public higher education excellent. Instead, we are going to make public higher education mediocre if we let that trend continue, and that is what the middle class will have to settle for.

Those that are the poor and the working poor will, by and large will get nothing at all. That is a strategy for injustice, and it is a strategy for economic ruin for the country.

The other road that I think we can take is a road we are trying to take through this reauthorization, which is a sensible application of existing resources, of prudent expansion to new resources, and a renewal of our national promise of universal access to higher education.

So, I am glad to be here with my esteemed colleagues. I am very much looking forward to hearing the comments of today's witnesses, and I thank all those for their participation.

Mr. **PAYNE**. Let me thank both of you very much. I think we could probably call the hearing off right now and go home, we have heard it, but since we have invited you all to come, we will hear you, too.

We have your prepared text, and it will be put into the record in its entirety. We would ask that you summarize or highlight your testimony within a 5-minute period. If you can read it in 5 minutes, fine, but because we do have a number of witnesses, we would like for you to bring up the high points.

And at this time, we will begin with our first panelist, Dr. Pond from Rutgers University.

STATEMENT OF T. ALEXANDER POND, EXECUTIVE VICE PRESIDENT, RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY, NEW BRUNSWICK, NEW JERSEY

Mr. **POND**. Thank you, Mr. Chairman. Thank you, also, Congresswoman Roukema and Congressman Andrews.

We are delighted to welcome you——

Mr. **PAYNE**. You might have to try to speak up a little louder.

Mr. **POND**. We are delighted to welcome you——

Mr. **PAYNE**. Great.

Mr. **POND**. [continuing] to Rutgers.

My name is Alexander Pond. I am the Executive Vice President and Chief Academic Officer of Rutgers, the State University of New Jersey.

I will try to summarize my statement very briefly. I do want to emphasize, however, the enormous consequence of the reauthorization proceedings that you are going through from the internal, that is within the academy view.

The programs that you are re-evaluating are now the lifeblood of higher education in this country and have in the past generation literally revolutionized it. We have proceeded from access to higher education by perhaps one in five a generation ago to a majority experience. That is an extraordinary accomplishment because through these programs, or largely at the initiative of these programs, we have been able to combine access with sustained excellence to date.

Let me give you just some raw dollar feelings for what it means at Rutgers.

Last year, federally-administered programs totaled $25 million, the Stafford programs another $17 million, the State of New Jersey $20 million in student aid, and Rutgers University through institutional and voluntary services $21 million, for a total of $83 million in student aid.

Although that is a different kind of dollar than our State appropriation, just to let you know what the impact of that is within the operations of the university, that is the equivalent of about a third of the State appropriation for the operation of Rutgers University. It has an enormous effect.

We know trends. Over the last 5 years, we note that the two Federal components have dropped by 15 percent. The State's contribution has increased by 50 percent, and the Rutgers contribution includes an institutional allocation which has risen fivefold, from $2 to $10 million.

Student aid reaches 43 percent of our students and is especially important for minority students. 15 percent of our enrollment is African-American students and Hispanic students and 34 percent of the aid goes to those students.

I would like to emphasize, also, that New Jersey benefits especially whenever student aid programs are strengthened at the Federal level. This is an educational-intensive State. We show that in every sort of way, starting perhaps with the primary and secondary education in this State, which annually ranks first or second per capita in the country. The State's provision in student aid for higher education ranks it in the top half of a dozen or so States in the country by every index regularly.

In our recent capital campaign at Rutgers, the first major campaign that we have ever, seeking voluntary support, we raised a $166 million and were able to attract nearly 10 percent of that in terms of support for students. Our audience was very responsive.

The point has already been made, so let me just second it, that New Jersey will benefit especially from a highly-trained, extremely well-educated work force. We have no economic option but to succeed in the high ambitions that we have set for our students. A dollar spent in the United States will produce good results anywhere, but in New Jersey, they will produce extraordinarily fine results.

I would like to very briefly encapsulate my comments and suggestions for you.

We note we are concerned, of course, as you have already noted this morning at recent trends in the performance of these programs. There is increased reliance on loans. The ceilings on the Pell Grants have not kept track with the, in fact, cost of study at our campuses and there is an effective declining level, cut-off level, of family income. You have very accurately and succinctly characterized those problems.

We worry about them intensely, of course, as you do, too, and I wish I could tell you there is some answer to those problems that does not include more money, but I am not able to produce such a solution.

A modest suggestion to curb excessive default rates would be for the Federal programs to stiffen their standards for accreditation and licensure by States. That is the usual academic response to regulating without assuming the governance of an academic institution regulating its performance.

Another suggestion that would be particularly beneficial to New Jersey would be to consider attaching some measure of matching to elements in the Federal student aid program. Since New Jersey appropriates more already, it would be in a strong position to seek high returns in such new programs.

I must say I note, also, that that sort of matching expectation is beginning increasingly to be attached to other Federal participation in State priorities, such as, for example, research at the universities.

We are strongly in support of increased post-baccalaureate support of the fellowship or trainingship sort. We call your attention especially to the need of trainingships in the humanities and the social sciences. The previous president of Princeton, Dr. Bowen, has emphasized recently that we are at the verge of a manpower crisis in those faculties and faculty development in those disciplines, in addition to the sciences, would be a good priority for the Department of Education.

It is also critically important, and this is perhaps the most imperative aspect of the post-graduate education scene, that the under-represented be attracted in larger numbers into graduate and graduate professional study, and we urge that on you as a priority.

We have had extraordinarily good results with the limited special minority programs aimed at attracting undergraduates and luring them through summer internships and so on into a sustained interest in a scientific or scholarly career. Those are enormously productive. We hope we can continue them.

We support the facilities titles and the library support titles in the legislation, pointing out again the New Jersey advantage would be especially advantaged by those programs because our needs are greater than the average State.

Senior Vice President Greenberg will have a specific suggestion on direct student loans through institutions later in the day. So, I will pass on that.

I thank you very much for this brief opportunity to bring you some of our thoughts.

[The prepared statement of T. Alexander Pond follows:]

21 JUNE 1991

STATEMENT BEFORE THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION OF THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON EDUCATION AND LABOR

BY DR. T. ALEXANDER POND, EXECUTIVE VICE PRESIDENT AND CHIEF ACADEMIC OFFICER

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Congressmen Andrews and Payne, and Congresswoman Roukema:

Thank you for the opportunity to participate in today's hearings on student aid. Your reauthorization will define what has become the most important facet of access to and participation in higher education.

Federal, state and institutional student aid programs, as well as private sources of student support have become inextricably linked to Rutgers' mission and to the major objectives of private and public higher education everywhere in the country. However, New Jersey is particularly sensitive to student aid policies.

As the State University of New Jersey, Rutgers mission is to provide high quality education from the introductory collegiate to the most advanced levels, to conduct research of importance to the state and to the nation, and to apply the strengths of our faculties to service of the needs of the citizens of New Jersey.

An imperative of this mission for Rutgers is to offer these services to the widest range of the State's eligible citizens, including the poor and those whose preparation is disadvantaged.

The University's admissions policies for both its undergraduate and graduate colleges reflect this equal access goal by setting admissions criteria without regard to individual ability to meet educational costs.

To meet this goal of providing access without discrimination based on financial ability, Rutgers relies on some $62 million in federal and state programs of student financial aid and approximately $21 million in private and institutional scholarship funds and employee benefit and graduate tuition remission.

Without financial aid, perhaps 40 percent of the students admitted to Rutgers annually would be unable to afford the cost of attendance.

Among recipients of Pell grants, about one-quarter of the students come from families with incomes below $12,000 and over half of Pell grantees are from families with incomes under $27,000.

As you might expect minority students -- Black, Hispanic and Puerto Rican students -- who make up approximately 15 percent of Rutgers' enrollment received more than 34 percent of financial aid or $23.8 million.

In all, more than 15,000 undergraduates, or about 43 percent of enrolled undergraduate students, and over 1,700 graduate students, or about 14 percent of all graduate students, receive financial aid.

The composition of individual aid packages has changed in recent years with a shift of aid from grants to loans. Most recent data from the Stafford Loan Program shows a 62.5 percent increase in funding from 1988-1989 to the current 1990-1991 year.

Rutgers has a policy of funding full term bill costs with grants to first year students from disadvantaged backgrounds, thus restricting, whenever possible, the necessity of borrowing.

Rutgers is sensitive to its obligation to avoid undue loading of "negative dowries" through loans and to exercise due diligence in informing students about their responsibilities for loans to hold down the default rate.

The default rates for Rutgers-administered Perkins loans is 7.4 percent and for Stafford Loans for the years 1985 to 1989 under five percent. Rutgers is one of ten institutions in the country to be part of the Income Contingent Loan Program experiment. For this program the default rate as of the latest report is 4.12 percent.

It is particularly noteworthy that the State University in its recently completed Capital Campaign for private funds raised $15 million for student assistance, some of which are endowments that provide continuing income for aid. The annual institutional and private investment in student aid has grown from $2.2 million in 1986 to over $11 million last year, clear evidence of the vital importance student aid represents to Rutgers' achievement in its goals of access and excellence.

Speaking of excellence, it is critically important to note the national role in support of graduate students, particularly those in science and technological fields but also in the humanities and social sciences.

Achievement of national needs to meet competitiveness, health, national defense and to promote employment requires federal attention to the support of graduate and professional education, areas where Rutgers has made significant strides in the recent past.

I urge expansion of programs to encourage minority participation in graduate education [Title IX-A], Patricia Roberts Harris Graduate Fellowships [Title IX-B], Jacob K. Javits Fellows Program [Title IX-C] and Graduate Assistance in Areas of National Need [Title IX-D].

Furthermore, I suggest that individual opportunity be expanded by establishing a grant program for under-represented groups in master's and professional education and making available adequate loan capital for all areas of post-baccalaureate study.

The areas of concern I have noted are of particular importance to the State of New Jersey. Adequate provision for opportunities for the disadvantaged and the middle class to prepare themselves for employment in the high technology manufacturing and service economy developing in New Jersey will come about only with continuation, and expansion in some areas, of student aid.

We must not lose sight of the gradual withdrawal of federal support of middle class families of undergraduates who are beset by increasing costs in all areas while federal aid is less available. The State of New Jersey and individual institutions have done their part in contributing support for all deserving income levels. New Jersey, in fact, ranks among the top five *states in the nation in the amount of grants appropriated for student assistance.*

Federal investment in human capital is necessary for New Jersey to remain competitive and to take advantage of the emerging opportunities in international trade with the European Economic Community and in Eastern Europe that will present themselves to the State that has an educated work force.

Additionally, New Jersey will require a graduate and professionally prepared cohort if it is to maintain its leadership as "The Invention State" and if it is to renew manufacturing employment and retain leadership in technology development for the future.

We need to remember that investment in human capital through financial aid pays significant dividends. One study I have seen calculates that gains in educational attainment by the 1980 high school class that are attributable to the federal aid invested in those students resulted in the net present value in their income tax returns of $4.30 for each dollar of student aid invested.

In conclusion, I wish to express the hope that the Congress will be able to provide funding for titles of the Higher Education Act in addition to the student assistance areas.

Programs for non-traditional students, international education, educator recruitment and development, cooperative education, partnerships for economic development merit your support.

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We at Rutgers are particularly supportive of the titles on facilities renewal, libraries and economic development and urban community service.

Again, thank you for the opportunity to present these views.

Mr. Payne. Thank you.

We hear next from Dr. Scott, President of Ramapo College.

STATEMENT OF ROBERT A. SCOTT, PRESIDENT, RAMAPO COLLEGE OF NEW JERSEY, MAHWAY, NEW JERSEY

Mr. Scott. Thank you.

Mr. Chairman, Congresswoman Roukema, Congressman Andrews, invited guests, I am Bob Scott, President of Ramapo College of New Jersey, alma mater of Teresa Napolitano, a May graduate who was featured this morning on the Today Show.

Following a meeting on Monday evening with Congressman Payne and a small group of college presidents, at which time I expressed some of my views on the status and promise of higher education as a service to the Nation, I was invited to be a witness this morning.

It is for this reason I could not distribute my statement earlier, which you now have.

I thank you for this honor, and thank you for the excellent programs you have created. Our students benefit from them.

Your charge is to hear comments on the Higher Education Act and to make recommendations to your colleagues in Congress. My written statement comments on the calls for reform in higher education, the relationship between higher education and economic competitiveness, and the Federal role in higher education.

I hope these observations will help illuminate the broader context within which your policies and programs work.

Given the time available, I will turn directly to comments on the Federal role and a few recommendations which are based on the analysis in the full text.

Historically, the Federal Government, representing a collective national will, has turned to higher education as leverage for attaining a major national objective. The Northwest Ordinance assisted in helping disperse the population. The Morrill Land Grant Act sponsored the development of scientific agriculture. The GI Bill helped members of the Armed Forces readjust to civilian life.

The current student aid programs evolved from the National Defense Act, concerned with critical national skills. The need for this form of leverage continues for social stability, economic development and national competitiveness.

The higher education system of the United States is the envy of the world. Why else would more than 300,000 students from other countries come to study here each year? At Ramapo alone, we have students from 52 countries. This is not to say our institutions are perfect, but there is too much good in our system to allow sound byte editorials to distract us.

There are problems. Some types of schools have excessive student loan default rates. Some types of schools have incredibly low graduation rates. Some institutions have not used good judgment in calculating indirect costs to be charged to Federal grants. But these are isolated, identifiable instances which can be dealt with by specific action. No broad brush approach is needed.

Tuition rates are also seen as a problem by some, yet in New Jersey, nearly 70 percent of tuition increases at public institutions are used to pay for salary and benefit increases negotiated by the State but not funded by it. The remaining 30 percent of the increase is used to cover facilities repair and renovation, also not funded by the State, improvements in educational programs, locally-administered student aid and inflation.

Therefore, I urge you to focus your attention on the points of leverage available to you to support higher education's role in social stability, economic development and national competitiveness. Please do not allow individual complaints to assume more importance than they deserve.

You have already received specific technical recommendations for changes in Federal programs. I fully endorse the recommendations presented by the American Council on Education and the American Association of State Colleges and Universities.

Today, I wish to draw attention to five opportunities for policy development and leadership. Federal assistance in these areas will help strengthen the capacity of our colleges and universities to serve the Nation. These five topics include: student aid, student employment and pre-college intervention, undergraduate instruction, facilities and tuition.

First, I recommend that Federal student aid programs continue to be viewed as the cornerstone of a national priority for making higher education accessible and for ensuring that students have a wide choice of institutional types without regard to cost.

However, I also recommend that student financial aid be awarded to students in such a way that freshmen and sophomores are not obligated to assume loans and indebtedness and that juniors and seniors work on campus in jobs of substance.

By reducing the reliance on loans for first-year students, I believe we will make higher education more accessible to talented students to lower-income families. We will also reduce the default rate. With less debt, students are also more likely to consider teaching or graduate studies and less likely to allow money to determine career decisions.

Second, by encouraging the creation of jobs of substance on campus, we will help students reinforce their learning by doing. I am especially impressed by the success of students in tutoring others, supervising computer labs and helping younger students in the library. These activities not only help students earn part of their college expenses but also they reinforce classroom learning.

With increased support of college work study and cooperative education, our students can also work more extensively in our pre-college partnerships with schools, community service and literacy programs. Aspirations for achievement and graduation rates both increase when students help students and work with teachers in responsible roles.

Increased support for graduate student aid programs will help in recruiting more students to doctoral studies and careers in college teaching. Increased student aid is an essential component to bringing greater certainty to the length of doctoral study, especially when writing the dissertation.

Given the relationships between graduate education and research, knowledge creation and national competitiveness, this support should be growing.

Third, undergraduate education must have a common vision. While institutions must certainly be free to develop their missions and programs according to local traditions, all undergraduates must be prepared for living as citizens in an increasingly interdependent and multi-cultural world.

Strong support for international education programs will assist colleges in shaping this vision and in developing the new courses and opportunities of students and faculty.

In this regard, student financial aid should be applicable towards study out of the country as well as in off-campus internships.

Fourth, academic facilities are in need of renovation and reconstruction. In many cases, new construction is needed, especially for libraries, laboratories and student housing.

There is a clear link between tuition increases and debt service at many institutions. If States, such as New Jersey, cannot provide adequate support for facilities, then tuition must be the answer. This then affects the need for financial aid. Increased Federal support for academic facilities will reduce this pressure on student aid and serve as a positive force for economic development. The opportunities for leverage here are enormous.

Finally, we must rethink tuition or we can endanger the entire private sector of higher education. Public institutions need a strong private sector. While each sector benefits from the strengths of the other, I draw particular attention to the role of independent institutions in establishing and maintaining standards of academic freedom and excellence.

These standards in turn help protect public institutions from governmental interference and indifference, but our independent institutions are threatened by public perceptions that tuition is too high. I believe the Federal Government has an opportunity to help middle-income families have a choice of private or public colleges and universities by helping families treat tuition as a capital expense.

The benefits of higher education last a lifetime. Why not pay for it over 30 years as we do our mortgage, instead of in 4 years or a few more? Your subcommittee has an opportunity to help higher education leaders rethink the methods of financing college education. This in turn will have a significant impact on supporting student choice and strengthening our entire system.

For more than 200 years, the Federal Government has turned to higher education for leverage in solving significant national issues. Today, we have a new opportunity. With your strong support, our colleges and universities can do even more to ensure social stability, economic development and national competitiveness.

Thank you.

[The prepared statement of Robert A. Scott follows:]

Invited Testimony
of
Dr. Robert A. Scott, President
Ramapo College of New Jersey

The House Subcommittee on Postsecondary Education
of the
Committee on Education and Labor
U.S. House of Representatives,
The Honorable William D. Ford, Chairman

Subcommittee hearings on the reauthorization of
the Higher Education Act

Friday, June 21, 1991, 9:30 a.m.
Brower Commons
Rutgers, The State University
New Brunswick, New Jersey

Introduction

Mr. Chairman, members of the subcommittee, invited guests, I am Dr. Robert Scott, president of Ramapo College of New Jersey. Following a meeting on Monday evening with Congressman Payne and a small group of college presidents, at which time I expressed some of my views on the status and promise of higher education as a service to the nation, I was invited to be a witness at this meeting. It is for this reason I could not distribute my statement earlier.

Your charge is to hear comments on the Higher Education Act and to make recommendations to your colleagues in Congress. I hope my observations will help. I will comment on the relationship between higher education and economic competitiveness; the calls for reform in higher education; and the federal role in higher education.

Calls for Reform

The cries for reform in higher education come from every quarter: the National Governors' Association, the Carnegie Foundation for the Advancement of Teaching, blue ribbon panels convened by individual campuses, boards of trustees and presidents, faculty governance bodies and others. Even the U.S. Congress--you and your colleagues--wants to review higher education. The common cry is for institutions to control ambition, contain costs, constrain tuition increases, and make the curriculum more responsive to societal needs.[1]

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[1] "Learning the Lessons of Cost Containment: A New Imperative for Higher Education." *Change*. November/December 1990; "Congress to Debate Major Ed Issues," *Higher Education and National Affairs*, January 14, 1991, p.2; De Loughry, Thomas J. "New Congress Plans to Ask Colleges Tough Questions," *The Chronicle of Higher Education*, January 16, 1991, p. A1.

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Strong measures are needed, of that we are certain. The national economy is undergoing fundamental changes that have resulted in changing patterns of federal and state assistance to students and institutions, and these changes in turn have affected family decisions about enrollment and contributions. For these reasons, institutional leaders must make basic changes in expenditure patterns and learn to live with reduced, and more closely monitored, levels of revenue from traditional sources. But in "controlling" ambition and "containing" costs, higher education must not lose sight of basic educational goals and the reforms needed.

The need for change is indisputable. Higher education is known for its ability to add programs and new dimensions to an institution's mission without curtailing or canceling programs of lower priority and lesser demand.[2] To keep up with salary, equipment and debt expenses, tuition increases have outpaced inflation. While it is true that tuition increases are needed when other sources of revenue are weak, especially to maintain competitive salaries for faculty and staff, the public takes another view. We in higher education know that faculty salaries have not kept pace with inflation. Between 1970 and the mid-1980s, faculty salaries in real dollars declined by 18.7% compared to a 15.5% increase in disposable personal income per capita in the U.S.[3] But to the public, faculty salaries are still nearly three times that of per capita median income.[4] The public hears of an apparently endless appetite for revenue and about faculty who teach one course a year--to graduate students; teaching assistants with little command of English; athletic scandals, and graduates who can't read. Is it any wonder the public asks questions about the expense and accountability of higher education?

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[2] *1989-90 Fact Book on Higher Education.* American Council on Education/Macmillan Series on Higher Education, New York, 1989, pages 68 and 157.

[3] Bowen, William G., and Julie Ann Sosa. *Prospects for Faculty in the Arts and Sciences.* Princeton University Press, 1989, p. 146.

[4] *1989-90 Fact Book*, p. 42.

Competition for Public Support

The public has also reacted to state and federal tax changes and expenditures which affect everyone's pocketbook. Higher education may have an emotional claim on some state support, but new claims on the public purse are more urgent. Medicaid outlays increased by 18% in 1990, after years of increase at 12-15%. The number on welfare rolls equals the number of students enrolled in higher education, and is nearly four times the number on welfare in 1960. The average monthly grant per welfare recipient more than doubled from 1970 to 1990. However, states have been able to generate only enough matching money to qualify for 65% of the $800 million in federal funds available to pursue welfare reforms.[5]

Spending on prisons nearly doubled during the period 1980-1990, with the cost borne almost entirely by state and local governments. From 1986-1990, corrections spending grew at an average annual rate of 13%, absorbing much of the growth in state revenues. "The nation's overcrowded prisons and jails hold over one million inmates and the population is increasing at the rate of 2,650 per week, or enough to fill five average-sized prisons...Housing each inmate in new prisons costs up to $25,000 a year."[6] All of this is happening during a time when, according to a federal study, the number of reported violent crimes rose almost 20 percent. The increase in prison costs directly reflects a shift in public attitudes away from rehabilitation toward punishment, an increase in mandatory sentences, and a broadening of the definition of criminal activity to include more offenses.[7]

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[5] "Legacy of 80's for States and Cities: Big Bills and Few Options." *The New York Times*, December 30, 1990, p. 16.

[6] *Ibid.*, p. 17.

Elementary and secondary education are the other big areas of state spending. The states' share of total spending on these levels of education increased from 40% in 1970 to 50% in 1990, as the burden shifted from local governments to state government. This shift resulted from lawsuits challenging the primary reliance on the property tax; declining federal assistance, and accelerated efforts to improve schools, raise curriculum standards and improve teachers' salaries.[8] During the past decade, state spending on higher education declined even while state spending on elementary and secondary education increased as a percentage of personal income. Health and hospitals, Medicaid, corrections, and environmental clean-up costs all increased dramatically during this period.[9]

There appears to be no end in sight to these major shifts in state and federal expenditure patterns. Indeed, when one adds in the millions of Americans addicted to drugs and alcohol, who cost our economy some $62 billion a year; school dropouts who incur costs of billions more in welfare support and remedial training; the state and federal obligations required to assist the 33 million people who live in poverty and the 27 million functional illiterates in the United States who cost an estimated $25 billion a year in services and lost productivity, and the needs of those afflicted with AIDS, the total is enormous. Furthermore, the amount needed to repair the basic infrastructure of roads, bridges, and sewers, whose maintenance has been neglected, is immense.[10] The costs of health, prisons, the environment, elementary and secondary education, the infrastructure, the "Gulf war" and the deposit insurance bailout are all considered mandatory expenditures, with higher education considered discretionary. On top of this, some states, including New Jersey, have adopted laws which impose caps on public spending.

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[7] *Ibid.*

[8] *Ibid.*

[9] *Ibid.*

It is for these reasons that higher education must change and the cries for reform--to control ambition, contain costs, and constrain tuition--seem reasonable to the public. Public funds for higher education will remain limited, unless the problems enumerated above are addressed. But these cries for reform lack vision. Our institutions of higher education, especially those responsible for graduate education, have yet to express a vision for pure and strategic research that will help correct these ills of society.

Higher Education and Economic Development

In setting our goals for reform, we must keep in mind a longer term strategic vision of higher education's role. We must remember that the nation's colleges and universities play an increasingly important role in assisting social stability, economic growth, and national competitiveness, as well as in contributing to the quality of our collective lives. In addition, higher education has a major obligation to prepare future generations of scholars and teachers, who will serve as role models for the next generation of young people as well as those who embark on mid-career changes, and current projections are not promising. The share of the U.S. GNP spent on research and development (or pure and strategic research) declined to 1.3% from 2.1% between 1967 and 1987. Federal grants for research facilities have declined by 95%

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[10] Bowen and Sosa, p. 26.

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since the 1960s, and federal graduate fellowships and traineeships have dropped by 25%. Yet, historical studies have shown that the "annual social rate of return on investment in academic research is no less than 28 percent."[11]

At present, 50% or more of Ph.D. candidates come from abroad, in part reflecting inadequate U.S. instruction from elementary school through college and cultural differences in the support of education.[12] The number of doctorates earned by non-residents each year increased 1000% in the past thirty years.[13] The good news is that many of these foreign students stay in the U.S. and become productive citizens. The percentage of American college and university freshmen expressing interest in pursuing graduate education at the Ph.D. level has been nearly stable during the past decade, but the proportion expressing interest in careers as research scientists has declined steadily. And while the proportion of women aspiring for and attaining doctoral degrees has increased significantly, the share entering college teaching declined between 1973 and 1988, and they are still underrepresented in the natural sciences, mathematics, and engineering.[14]

At a time when it is a widely-held maxim that economic growth and national competitiveness rely on technological developments and the application of science to the solution of social and

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[11] Bok, Derek. *Universities and the Future of America.* Durham and London: Duke University Press, 1990. p. 1; Lederman, Leon M. "Science: The End of the Frontier?" *Science*, January 1991, p. 13.

[12] "Graduate Schools Fill With Foreigners." *The New York Times*, November 29, 1990, p. A24.

[13] Bok, p. 91.

[14] *1989-90 Fact Book*, p. 193; "Women PhDs are eschewing academic careers, says study," *AGB Reports*, November/December 1990, p. 4.

-onomic problems, it is imperative that colleges and universities keep their sights on long-term and strategic issues, and not simply on temporary cost containment measures, as essential as these are. When one adds the projected need for recruiting additional college and university faculty over the next decade and one-half, it becomes imperative that the nation's institutions of higher education think seriously about graduate enrollments.

These three strategic issues of economic growth, national competitiveness, and the supply of faculty and scholars, are connected. All three are related to the ways in which we address undergraduate education and the connections between undergraduate education and graduate 'raining.

Strategic Reform

From 1977 to 1982 the National Science Foundation projected future science and engineering professionals on the basis of drop-out patterns throughout their schooling. There were 4 million high school sophomores in American high schools in 1977, of whom 730,000 claimed at that time to be "interested" in studying science and engineering. But of these a mere 9,700 or less than one-quarter of one percent of the original population were expected to achieve the Ph.D. degree in one of the sciences or engineering.[15] Forty percent would drop out of science after the freshman year; another 40% would leave science and engineering majors by the end of the senior year. Of the remainder, only 61,000 (or 30% of the 206,000 graduates) would have gone

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[15] Tobias, Sheila. "Why Universities Lose Talent for Science," *Change*, July/August 1990, p. 15.

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on to graduate school in science and engineering, with only 9,700 actually completing the

D.[16]

There are four major steps which colleges and universities can take to contribute toward national competitiveness, economic growth, and preparation of future faculty. The first is to increase and strengthen school-college partnerships. The second is to give better attention to undergraduate teaching and learning by full-time faculty. The third is to make better connections between undergraduate and graduate education, with an emphasis on raising student aspirations. The fourth is to restructure graduate education in order to increase certainty in the length of Ph.D. programs. The federal government has a role to play in these initiatives.

School-College Partnerships

Many colleges engage in partnership programs with secondary schools. In these partnerships, a team of college faculty and staff, and sometimes students as well, work with high school teachers and students to raise student aspirations for attending school, achieving in academic subjects, and graduating from high school. The college team may offer tutoring, subject-matter demonstrations, and leadership training exercises at the school, at the college, or via interactive computer networks. These weekly interactions during the school day or Saturday are designed to reinforce and strengthen family and teacher expectations. High school students may stay in residence at the college during a week or more in the summer. The summer program may emphasize study skills, career options, the relationship between academic subjects and career choice, and practical subjects such as applying for financial aid.

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[16] *Ibid.*

While there are many examples of successful partnerships, there are still few colleges and schools involved, and still fewer programs of early intervention which start in middle school or the later years of elementary school. In order to help young people overcome the negative influences of neighborhoods and develop self-confidence as students, these partnership programs should start in the earliest grades. In addition, more students at each grade level should be included. Each partnership effort should involve enough students to form a "critical mass" and become a positive influence on the entire school and community. Unfortunately, many college leaders do not think it is their responsibility to be concerned with elementary and secondary school students and teachers. They do not think of schooling at all levels as "all one system."[17]

Improving Undergraduate Education

The second strategic reform for long-term improvement in higher education as well as enhanced contribution to national competitiveness and economic growth is to increase the attention given by full-time faculty to undergraduate education. The profile of instruction at the freshman and sophomore level is all too familiar. At our large public and private research universities, lecture halls with hundreds of students and discussion sections led by graduate teaching assistants are common. Basic skills, English composition, quantitative methods, and other introductory courses are all too often taught by part-time instructors who are neither graduate students on a teaching fellowship nor specialists engaged to teach at an advanced level. They are instead part of the army of "per-course" teachers who are undersupported and underpaid. It is not uncommon to find that nearly 40% of course sections are taught by this cadre of teachers who are treated by institutions as "second-class" faculty.[18]

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[17] Hodgkinson, H. L. *All One System: Demographics of Education, Kindergarten Through Graduate School.* Washington, D.C.: Institute for Educational Leadership, 1985.

Student advising is an important component of teaching, and all too often colleges and universities rely upon professional staff instead of faculty to provide those necessary conversations about learning and the excitement of discovery which lead to an elevation of student aspirations. How can we expect faculty to raise student aspirations when the critical responsibilities for teaching and advising are delegated to others? Students need faculty role models; they need to see the excitement of a scholar introducing others to his or her field.[19] The success of elite private liberal arts colleges in encouraging and preparing undergraduates for graduate education is instructive, especially the private liberal arts colleges which have such a remarkable record of alumni attaining the Ph.D. The common belief is that there is a direct relationship between this record of success and the commitment to teaching and advising as well as to scholarship of those who teach at these institutions.

This is not to denigrate the work of dedicated advisors and counselors. They provided needed services. The question is why have faculty abrogated their responsibility for advising.

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[18] "Research and Teaching: an Excerpt From Cheney Report on 'Educational Practices Gone Wrong.'" *The Chronicle of Higher Education*, November 14, 1990, p. A24; Wilson, Robin. "Undergraduates at Large Universities Found to Be Increasingly Dissatisfied," *The Chronicle of Higher Education*, January 9, 1991, p. A1.

[19] Mooney, Carolyn J. "The Dissertation Is Still a Valuable Requirement, Survey Finds, but Graduate Students Say They Need Better Faculty Advising." *The Chronicle of Higher Education*, January 16, 1991, p. A15.

Two forces in higher education's development have resulted in major changes in the way basic academic and student support services are offered. First, with faculty attention focussed on advanced undergraduate and graduate students, and on scholarship, a new corps of professional staff had to be recruited to provide advising, counseling and tutoring to freshmen and sophomores. Second, the expansion of opportunities for higher education in the interest of social equity opened the doors to many students with special needs, inadequate preparation, and new claims on services. There has been a concomitant expansion of middle-level administrators and professional staff to provide these and other services.[23]

It is now necessary to rethink the ways colleges and universities provide these services. First, more full-time faculty must take responsibility for teaching and advising first and second year students, if only to inspire more students to value education and to consider graduate study and scientific careers. Second, if colleges and universities are to contain costs without weakening instructional quality further, then administrative overhead must be examined carefully, reduced, and monitored continuously. Third, students can be excellent advisors and tutors, and these activities can strengthen student learning.

Granted, academic programs must be reviewed regularly, and those with lowest priority canceled. At Ramapo College, we have canceled five academic programs in five years, and reallocated resources to higher priority activities. We have also reduced the size of management, especially in the business office and the physical plant. Most colleges are undertaking these kinds of analysis. The area which has not been examined closely in American higher education is that of student and academic support services.

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[23] Scott, Robert A. *Lords, Squires and Yeomen: Collegiate Middle-Managers and Their Organizations*. Washington, D.C.: ERIC/AAHE Higher Education Research Report, 1978.

Advising, counseling, and tutoring services have been developed at most colleges and universities using what might be called a "retail" model. Each constituent group--educationally disadvantaged students, disabled students, international students, returning adult women, etc.--is provided with a "boutique;" a specialized salon for advising, counseling, and tutoring with its own director, clerical support and staff. This approach seems to serve students well. It meets their special needs directly, and relieves faculty of the responsibility for serving all students. This approach is also costly.

Imagine if a college or university used a medical metaphor instead of a retail model. Using the health "clinic" as a metaphor, one can imagine providing the necessary services of advising, counseling and tutoring to students without the administrative overhead of the "retail" model. Each clinic would be staffed by the appropriate specialists, but would have only one director and less clerical support than many separate offices. It would also require fewer specialists. One can also imagine a more active role for faculty and students as advisers using the clinic as a metaphor.

It is easy to rehearse the political reasons for developing student and academic support services according to constituent group. However, at a time when full-time faculty must give greater attention to the education of freshmen and sophomores, and when fundamental changes are needed in expenditure patterns, one must rethink organizational metaphors as well.

The Connections Between Undergraduate Education and Graduate Training

The third major reform concerns the relationship between undergraduate and graduate education. Higher education leaders such as Ernest L. Boyer and Harold Hodgkinson have often talked about education as "all one system," and the need to integrate its various steps. Much has been done to develop partnerships between high schools and colleges, and between two-year and four-year institutions. In many cases we have seen how to break down the artificial barriers between instruction at these different levels.

However, all too little has been attempted to break down similar barriers between the bachelor's and graduate degrees. There continue to be some bachelor of science-MD programs and some baccalaureate-dental programs, but all too few programs that help bright and successful undergraduates gain early access to graduate education and research. Similarly, there is too little encouragement for faculty to include undergraduates in research projects and publication. College administrators who value these experiences may offer prizes and other incentives for faculty to engage students in the wonders of discovery at the graduate level. The examples of this kind of encouragement at Bucknell, Colgate, and Ramapo demonstrate the value of this effort.

Other examples exist as well. Ramapo College and Rutgers University, with support from American-Cyanamid, American Home Products, and CIBA-GEIGY, sponsor an opportunity for students to accelerate the time needed for students to move from a bachelor's to a graduate degree in biology and chemistry. The potential for this arrangement exists in business, other professional studies, the humanities, and the social sciences.

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There has been a long-standing bias in many graduate faculties about "nepotism" and inbreeding, which has discouraged their own undergraduate majors from pursuing a graduate degree at *alma mater*. I believe these new times require new thinking. Just as we concluded two decades ago that we needed to encourage more of our brightest college students to enroll in medical school by developing joint BS-MD programs, so also do I think in this period of predicted shortages in graduate education, and graduate students interested in science and college teaching, that we need to rethink the relationship between undergraduate and graduate enrollment, and increase the opportunities for student and faculty interchange between these levels.

The Reform of Graduate Education

The fourth major reform is that of graduate education itself. Ask a bright and inquisitive college junior or senior to consider doctoral study, and he or she is likely to reply: "I know that a law degree takes three years and an MD takes four years; how long will it take me to earn a Ph.D. in history or economics or chemistry?" The truth is that the answer varies by institution and by program. In some fields the median length of time between the bachelors degree and the doctorate is more than a decade.[21] In some fields at elite institutions it is possible to earn a Ph.D. in less than two years. The problem in trying to encourage a student to consider the Ph.D. is the uncertainty about the length of time, which can easily translate into uncertainty about the benefits compared to the costs, both in terms of dollars and lost opportunities.

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[21] "Lengthening of Time to Earn a Doctorate Causes Concern," *The Chronicle of Higher Education*, March 15, 1989, p. 1; Bowen and Sosa, p. 174; *1989-90 Fact Book*, pp. 222-223.

The reasons for this uncertainty are two-fold. First, doctoral education is most often under the direction of a single major advisor who may take a sabbatical leave, or receive a national appointment which requires frequent attendance at meetings off campus, etc. Another reason is economic. Far too many of our graduate students are funded by teaching assistantships so as to take the place of faculty in those freshman and sophomore classrooms.

The challenge then is two-fold: one part design and one part economic. Doctoral education is designed with the individual faculty advisor as the responsible administrative unit. This aspect of graduate education, as well as the great variety of standards for what passes as acceptable evidence of a student's ability to do independent research and to make a contribution to knowledge, have come under increasing scrutiny, and reform is underway. Advisors play a critical role in helping students select a manageable topic that demonstrates their ability and makes a contribution to scholarship; it should not be viewed as the major work of one's career.[22] An alternative would be to have a departmental or college perspective on responsibility so that the vagaries of an individual's schedule would not have such a major impact on the progress made by a graduate student.

Similarly, undergraduate tuition now pays for much of graduate education so that faculty can devote time to graduate education and research. Major shifts in the alignment and allocation of faculty time could have a dramatic increase on support for graduate students and the number of these students able to devote full time to their research projects and courses. Without such changes, why would a bright prospect seek a Ph.D. when there is so little certainty and so much

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[22] Mooney, p. A22.

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opportunity cost? And without such changes, how will we recruit more minority students to pursue academic careers?

Summary

These strategic issues in higher education are not easy to answer, especially since funding for higher education is changing in radical ways. It could be that even with substantial improvements in the economy following the current recession, higher education will be a lower priority in overall state and federal budgets given the needs in elementary and secondary education, illiteracy, poverty, health, AIDS, corrections, alcohol and drug abuse, welfare, homelessness, transportation, the environment, and the whole array of social problems requiring attention. This will be true especially if graduate education and scholarship fail to support the pure and strategic research needed to address these problems.

Higher education has much to contribute to correcting these ills and addressing the challenges of national competitiveness, economic growth and development, and the preparation of future scholars and teachers. It is incumbent upon higher education to develop strategies to accomplish these goals, even as it adopts new tactics to satisfy the immediate requirements of controlled ambitions, cost containment, and tuition constraints. But higher education cannot do this alone. The federal government has an historic role to play.

The Federal Role

Historically, the federal government--representing the collective national will--has turned to higher education as leverage for attaining a major national objective. The Northwest Ordinance assisted colleges in helping disperse the population. The Morrill Land Grant Act sponsored the development of scientific agriculture. The G.I. Bill helped members of the armed forces readjust to civilian life. The current student aid programs evolved from a national defense act concerned with critical national skills.

The need for this form of leverage continues--for social stability, economic development, and national competitiveness.

The higher education system of the United States is the envy of the world. Why else would more than 300,000 students from other countries come to study here each year? At Ramapo College alone, we have students from 52 countries. This is not to say our institutions are perfect. My earlier statement confirms we are not. But there is too much good in our system to allow "sound byte" editorials to distract us.

There are problems. Some types of schools have excessive student loan default rates. Some types of schools have incredibly low graduation rates. Some institutions have not used good judgment in calculating indirect costs to be charged to federal grants. But these are isolated, identifiable instances which can be dealt with by specific action. No broad brush approach is needed.

Tuition rates are also seen as a "problem" by some. Yet in New Jersey, nearly 70% of tuition increases at public institutions are used to pay for salary and benefit increases negotiated by the state but then not funded by it. The remaining 30% of the increases is used to cover facilities repair and renovation, which is not funded by the state, improvements, student aid, and inflation.

Therefore, I urge you to focus your attention on the points of leverage available to you to support higher education's role in social stability, economic development, and national competitiveness. Please don't allow individual complaints to assume more importance than they deserve.

Recommendations

You have already received specific, technical recommendations for changes in federal programs. I fully endorse the recommendations presented by the American Council on Education and the American Association of State Colleges and Universities. Today, I wish to draw attention to five opportunities for policy development and leadership. Federal assistance in these areas will help strengthen the capacity of our colleges and universities to serve the nation. These five topics include student aid, student employment and pre-college intervention, undergraduate instruction, facilities, and tuition.

First, I recommend that federal student aid programs continue to be viewed as the cornerstone of a national priority for making higher education accessible, and for ensuring that students have a wide choice of institutional types without regard to cost. However, I also recommend that student financial aid be awarded to students in such a way that freshmen and sophomores are not obligated to assume loans and indebtedness, and that juniors and seniors work on campus in jobs of substance. By reducing the reliance on loans for first-year students, I believe we will make higher education more accessible to talented students from lower income families. We will also reduce the default rate.

Second, by encouraging the creation of jobs of substance on campus, we will help students reinforce their learning by doing. I am especially impressed by the success of students in tutoring others, supervising computer labs, and helping younger students. These activities not only help students earn part of their college expenses, but also they reinforce classroom learning. With increased support of College Work-Study and Cooperative Education, our students can also work more extensively in our pre-college partnerships with schools, community service, and "literacy" programs. Aspirations for achievement and graduation rates both increase when students help students, and work with teachers in responsible roles.

Increased support of graduate student aid programs will help in recruiting more students to doctoral study and careers in college teaching. Increased student aid is an essential component to bringing greater certainty to the length of doctoral study, especially writing the dissertation. Given the relationships between graduate education and research, knowledge creation, and national competitiveness, this support should be growing.

Third, undergraduate education must have a common vision. While institutions must certainly be free to develop their missions and programs according to local traditions, all undergraduates must be prepared for living as citizens in an increasingly interdependent and multicultural world.

Strong support for international education programs will assist colleges in shaping this vision and in developing the new courses and opportunities for students and faculty. In this regard, student financial aid should be applicable toward study out of the country as well as in off-campus internships.

Fourth, academic facilities are in need of renovation and reconstruction. In many cases, new construction is needed, especially for libraries, laboratories and student housing.

There is a clear link between tuition increases and debt service in many states. If states such as New Jersey cannot provide adequate support for facilities, then tuition must be the answer. This then affects the need for financial aid. Increased federal support for academic facilities will reduce this pressure on student aid and serve as a positive force for economic development. The opportunities for leverage here are enormous.

Finally, we must rethink tuition or we could endanger the entire private sector of higher education. Public institutions need a strong private sector. While each sector benefits from the strengths of the other, I draw particular attention to the role of independent institutions in establishing and maintaining standards of academic freedom and excellence. These standards in turn help protect public institutions from governmental interference.

But our independent institutions are threatened by public perceptions that tuition is too high. I believe the federal government has an opportunity to help middle-income families have a choice of private or public colleges and universities by helping families treat tuition as a capital expense. The benefits of higher education last a lifetime. Why not pay for it over 30 years, as we do our mortgage, instead of in four to ten years? Your Subcommittee has an opportunity to help higher education leaders rethink the methods of financing college education. This, in turn, will have a significant impact on supporting student choice and strengthening our higher education system.

Conclusion

For more than two hundred years, the federal government has turned to higher education for leverage in solving significant national issues. Today, we have a new opportunity. With your strong support, our colleges and universities can do even more to ensure social stability, economic development, and national competitiveness.

Thank you.

Mr. **Payne**. Thank you very much.

We will next hear from Dr. Nespoli, who also was invited late and does not have the testimony, but the record will remain open and you can send it to the committee.

We appreciate your coming.

STATEMENT OF LAWRENCE A. NESPOLI, EXECUTIVE DIRECTOR, NEW JERSEY COUNCIL OF COUNTY COLLEGES, TRENTON, NEW JERSEY

Dr. **Nespoli**. Thank you.

We will do that.

The Council of County Colleges is the State association representing all 19 of the community colleges in New Jersey. I am here on behalf of Dr. Bob Ramsey, President of Camden County College, Dr. Zack Yama from Essex and Dr. Jose Lapazes from Bergen, and really all 19 of our presidents and their boards of trustees.

I have been in New Jersey only 10 months. A State senator in Trenton said to me recently that, "you know, the community colleges are one of the State's best kept secrets," and while I suppose he intended a compliment, that is something we want to change. In that spirit, let me just unveil that secret a bit here this morning by calling to your attention two things about your 19 community colleges.

First is the notion of educational opportunity and second is the notion of economic development.

On the first, our governor, Governor Florio, likes to say education is just another word for opportunity, and we second that notion enthusiastically, and in fact we like to think of our 19 community colleges as truly opportunity colleges.

We capture the power and spirit of that philosophy in a compelling way. For example, did you know that we are the largest provider of higher education in New Jersey, enrolling over 125,000 credit students? Did you know that half of all of the minority students attending college in New Jersey are at a community college? Did you know that about one in five of all students attending a 4-year college in New Jersey got their start at a community college?

Well, I could go on, but let me stop and just say that, in short, community colleges enable thousands of New Jersians, minorities, single parents, economically-disadvantaged youth, even our senior citizens, to fulfill goals and aspirations that would otherwise go unrealized.

The second notion is economic development. We want people to think of the community colleges as a tremendous vehicle for retraining and training the work force that needs to occur, especially in these recessionary times.

Let me just simply make the point in this way: we hear a lot about human capital and its importance. Well, if you think about it, there are really only two sources of human capital, new workers on the one hand and current workers on the other.

Well, on new workers, if we listen to what demographers are telling us, 80 percent of the new entrants to the work force between now and the year 2000 will be women, minorities, immigrants.

Community colleges have the special expertise to provide these special services required by these special student populations.

Current workers are, by definition, adult part-time learners. Again, these are the students that we have served and are committed to continuing to serve.

Let me take my allotted time by closing with one specific recommendation for your consideration in the reauthorization efforts.

A top priority for this Nation's community colleges during the reauthorization process is to establish an assistant secretary for community colleges in the Department of Education. We need a voice in Washington. We need a voice in the department, and we believe an assistant secretary for community education would provide that voice.

The rationale simply is that we, the community colleges, currently lack representation in the ranks of professional and executive management positions within the department and thus are often encumbered by misguided, really, departmental regulations.

I could probably give you a dozen examples. Let me just give you two. A few months ago, Consumer Data Reporting on vocational programs was in the news, Section 668.44 was referred to.

The department received nearly 4,000 protests from community colleges concerning those regulations, but the Department of Education held its position. The Congress, we were pleased, listened to our protests and passed the Student Right-To-Know Bill in the fall of 1990, which suspended those regulations.

Similarly, a regulation known as Clock-Hour or Credit-Hour Conversion regulations was discussed at length in recent months, and the effect of these regulations for our sector would have been to reduce by almost half the eligibility of students to receive Federal student aid.

Again, the department received many protests, again the department was unmoved, and again Congress intervened.

Well, our conclusion from these two examples are that they are really just the most recent occasions in which the department has demonstrated its lack of expertise on community college issues and an assistant secretary for community colleges could have offered immediate advice on the impact of those two examples, could have prevented the costly administrative effort expended by community colleges, and could have prevented the situation where Congress had to intervene on those regulations.

Our recommendation to you, therefore, is that the 1,211 community colleges in the Nation respectively request your co-sponsorship of S.463, which would establish an assistant secretary for community colleges, and ask that you and urge that you adopt this legislative initiative as part of the Higher Education Act reauthorization.

Mr. Chairman, I do not have written testimony, as you indicated, but I would like to leave something with you that again I think is for your reading pleasure.

We held an excellence awards ceremony last month, and this is the program from that evening, and I think you will be pleased and probably surprised to see some of the tremendous success stories of community college alumni as well as the corporate partners.

So, I just would like to leave you with that, and thank you.

[The prepared statement of Lawrence A. Nespoli follows:]

NEW JERSEY
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JAMES J. MARINO, ESQUIRE
Chairman

DR. LAWRENCE A. NESPOLI
Executive Director

TESTIMONY PRESENTED TO HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

JUNE 21, 1991

DR. LAWRENCE A. NESPOLI
NEW JERSEY COUNCIL OF COUNTY COLLEGES

I. COMMUNITY COLLEGES ARE "OPPORTUNITY COLLEGES"

- Governor Florio is fond of saying that "education is just another word for opportunity." Community colleges capture the power and spirit of that philosophy in an especially compelling way.
- We are the largest provider of higher education in the New Jersey, enrolling over 125,000 credit students each semester.
- Half of all minority students attending college in New Jersey are at a community college.
- About 1 in 5 of all students attending a four-year college in New Jersey got their start at a community college.
- In short, community colleges enable thousands of New Jerseyans - minorities, single parents, economically disadvantaged youth, even our senior citizens - to fulfill goals and aspirations that would otherwise go unrealized.

II. ROLE OF COMMUNITY COLLEGES IN ECONOMIC DEVELOPMENT

- Human Capital - Investing in human capital is the key to a strong economy. In fact, the contribution of human capital - i.e., a highly trained workforce - is generally recognized as being greater than an equivalent investment in a company's physical plant and equipment.
- Two Sources for Human Capital - There are only two sources for the human capital needed by our nation's economy as we enter the 1990s - new workers and current workers. In both cases, community colleges are the best resource for providing the training required.

- New Workers - 80 percent of the new entrants to the workforce between now and the year 2000 will be women, minorities, and immigrants. Community colleges have the expertise and commitment to provide the special support services and training that these students/new workers will need.

- Current Workers - 80 percent of the people that will be working in the year 2000 are working right now. Thus, increasing the productivity of current workers must also be a top priority. These workers are by necessity part-time, adult learners - the very students that community colleges have served so well for the past 25 years.

- Technical Training - What New Jersey especially needs is human capital at the technician level. Certainly we need Ph.D. scientists and engineers to design new products. But we also need trained technicians to build, test, sell, and repair those products when they break. For every engineer employed in the economy, 6 to 10 technicians are required.

- Community Colleges Provide the Match Between Jobs and People - The U.S. Department of Labor reports that 15 of the 20 fastest growing jobs in the 1990s will require some college but less than a bachelor's degree. On the other hand, 3 out of 4 high school students will never earn a four-year degree. Community colleges provide the match between these jobs and the people available to fill them.

III. RECOMMENDATIONS FOR REAUTHORIZATION OF HIGHER EDUCATION ACT

- Priority - A top priority for community colleges during the reauthorization of the Higher Education Act is to establish an Assistant Secretary for Community Colleges in the Department of Education.

- Rationale -Community colleges currently lack representation in the ranks of professional and executive management positions within the Department of Education and thus are often encumbered by misguided departmental regulations.

- Example One - Consumer Data Reporting on Vocational Programs (Section 668.44). The Department of Education received more than 3,500 comments from community colleges about these burdensome and inequitable regulations. But the Department held its position. The Congress, however, listened to the community college protest and passed a Student-Right-To-Know bill in the fall of 1990, which suspended the regulations.

- Example Two - Clock Hour/Credit Hour Conversion Regulations - The effect of these regulations would have been to reduce by nearly 50 percent the eligibility of students to receive federal student aid. Again the Department received many protests from community colleges. Again the Department was unmoved. And again, Congress intervened.

- Conclusion - Theses two examples are the most recent occasions in which the Department has demonstrated its lack of expertise on community college issues. An Assistant Secretary for Community Colleges could have offered immediate advice on the impact of these regulations, prevented the costly administrative effort expended by community colleges, and prevented the Departmental embarrassament that resulted when Congress intervened.

- Recommendation - The nation's 1211 community colleges respectfully request your cosponsorship of S. 463 (which would establish an Assistant Secretary for Community Colleges) and ask that you urge adoption of this legislative initiative as part of the Higher Education Act reauthorization.

NEW JERSEY COUNCIL
OF COUNTY COLLEGES

Excellence
AWARDS 1991

NEW JERSEY
COUNCIL OF COUNTY COLLEGES
330 WEST STATE STREET, TRENTON, NEW JERSEY 08608

JAMES J. MARINO, ESQ
Chairman
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ATLANTIC
COMMUNITY COLLEGE

BERGEN
COMMUNITY COLLEGE

BROOKDALE
COMMUNITY COLLEGE

BURLINGTON
COUNTY COLLEGE

CAMDEN
COUNTY COLLEGE

CUMBERLAND
COUNTY COLLEGE

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COLLEGE

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COLLEGE

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COUNTY COLLEGE

COUNTY
COLLEGE OF MORRIS

OCEAN
COUNTY COLLEGE

PASSAIC
COUNTY COMMUNITY
COLLEGE

RARITAN VALLEY
COMMUNITY COLLEGE

SALEM
COMMUNITY COLLEGE

SUSSEX
COUNTY COMMUNITY
COLLEGE

UNION
COUNTY COLLEGE

WARREN
COUNTY COMMUNITY
COLLEGE

April 25, 1991

TO: Our Corporate Partners, Outstanding Alumni, and Invited Guests:

Tonight, we celebrate the many successes of New Jersey's nineteen community colleges. We also celebrate the 25th anniversary of the New Jersey community college system. Over that period of time, community colleges have literally changed the lives of thousands of our State's citizens.

Governor Florio is fond of saying that "education is just another word for opportunity." Community colleges capture the power and spirit of that philosophy in a unique way.

We enroll over 125,000 credit students each year, making community colleges the largest provider of higher education in the State. We open the door of opportunity to many students who otherwise would not have a chance at a higher education.

But we are far more than just an opportunity. We are an *opportunity for excellence.*

That is the story of tonight's Statewide Community College Excellence Awards Ceremony — ***EXCELLENCE!***

We see that excellence in the outstanding alumni being honored tonight. And we see it just as clearly in the exemplary corporate partners being recognized.

Congratulations to all of you! You reconfirm our belief that community colleges are making a difference — for New Jersey and throughout the country — in the lives of individuals and in the corporate world as well.

Thank you for being with us.

James J. Marino *Director*	*S. Charles Irace* *Secretary*	*Lawrence A. Nespoli* *Executive Director*

PROGRAM

Reception 6:00 to 7:00 p.m.
Music by Gladys Del Carmen y el Mariachi (Acatlipas/Mexico)

WELCOME
James J. Marino, Esquire
Chairman, New Jersey Council of County Colleges

GREETINGS
Dr. S. Charles Irace
President, Raritan Valley Community College

OPENING REMARKS
Dr. Edward D. Goldberg
Chancellor, New Jersey Department of Higher Education

PRESENTATION OF
CORPORATE PARTNER EXCELLENCE AWARDS

RECOGNITION OF TRUSTEES
Raymond J. Bateman
Chairman, Raritan Valley Community College Board of Trustees

PRESENTATION OF ALUMNI EXCELLENCE AWARDS

A COMMUNITY OF COLLEGES

The American dream is alive and well at Community Colleges around the country. A uniquely American creation, Community Colleges are holding open the door of opportunity through education to millions of students every year, and are the major community resource for lifelong learning.

There are over 12,090 Community Colleges in the nation and they share one common element — they excel in their ability to deliver diverse educational programs and specialized services to people of all ages in all walks of life. They are also effective in helping people to adjust to changes in the workplace.

Here in New Jersey, 19 Community Colleges bring college education within commuting distance of almost every citizen. Quietly and efficiently, these educational institutions have helped to transform the lives of more than two million adults since the first New Jersey Community College opened its doors to students in 1966.

Community, technical and junior colleges now make up the largest single segment of America's post-secondary educational system, enrolling over 50 percent of the nation's entering college freshmen and 43 percent of the total undergraduate population.

The New Jersey Community Colleges are proud to be recognized as leading providers of educational, cultural and recreational opportunities for the residents of our state.

Corporate Partner
ATLANTIC COMMUNITY COLLEGE

In 1991, Apple Computer established a Community College Alliance comprised of ten community colleges throughout the country. These institutions were chosen for their superior knowledge of Macintosh technology; Atlantic Community College (ACC) was selected from among 150 community colleges in its region.

Accordingly, Apple provided ACC with $100,000 in Macintosh equipment, extensive technical support, and assistance and sponsorship for three national meetings of the alliance consortium. ACC committed to serve as a regional demonstration and training model, and as a support center for personnel and students. ACC also pledges to develop specific areas of expertise from the varied Macintosh functions.

Under Project MacBridge, ACC will focus on two areas of expertise. Macintosh networked systems will be used to deliver portions of developmental curricula in a learning assistance center environment. Macintosh-based multi-media technology will also be used to support instruction of large classes.

Apple Computer, through its support of ACC's Project MacBridge, has served as a model corporate partner in assisting the college to meet one of the most important, yet difficult, areas of the mission: to use computer technology to support the retention and achievement of high-risk students.

Alumnus Honoree
ATLANTIC COMMUNITY COLLEGE

James Staiano, 26, executive chef of the Helmsley Palace in Manhattan, completed Atlantic Community College's (ACC) two-year Academy of Culinary Arts Program in 1986. While in school, Mr. Staiano was a *saucier* at Caesar's Boardwalk Regency in Atlantic City. He then joined the Helmsley Palace as a banquet chef. In 1988, Mr. Staiano advanced to the position of executive *sous chef* and in 1989, to executive chef. In his current capacity, Mr. Staiano supervises a kitchen staff of 66 cooks and four *sous chefs*, and is responsible for the entire food operation of the 1,050-room, Triple AAA Diamond award-winner hotel.

Mr. Staiano is one of more than 800 graduates of the Academy of Culinary Arts, the largest cooking school in New Jersey. The Academy, a division of ACC, will begin the celebration of its tenth anniversary in October with the grand opening of its new $4.6 million training facility in Mays Landing.

Mr. Staiano, now a resident of Jackson Heights, N.Y., exemplifies the successes of the community college system in general and of ACC's excellent culinary arts program in particular. Mr. Staiano is a graduate of Camden County Vocational Technical High School and is the son of Frank and Carol Staiano of Magnolia.

Corporate Partner
BERGEN COMMUNITY COLLEGE

Bergen Community College's (BCC) relationship with the Thomas J. Lipton Company has spanned more than ten years, beginning with the company's involvement in the college's cooperative education program. Lipton, as part of the Co-op Advisory Board, has been a strong supporter of the program and has provided co-op work experiences for BCC's students and financial support for the program.

In the fall of 1983, Lipton presented the BCC Foundation with a generous financial contribution dedicated to increased marketing of the co-op program. Lipton has renewed this commitment to cooperative education each year by underwriting the annual Co-opportunity Day, which attracts numerous current and potential employers to BCC's campus, where they are able to meet with students and discuss career possibilities within their companies.

Over the years, Thomas J. Lipton Company has hired business computer programming, laboratory technology, and secretarial students to work at its Englewood Cliffs Plant. Lipton has consistently encouraged other employers to become involved in cooperative education and to enjoy the benefits of providing this special work experience to students. These contributions of company time and resources have strengthened the college and the community, and have made the Thomas J. Lipton Company a most valued corporate partner.

Alumna Honoree
BERGEN COMMUNITY COLLEGE

Dr. Pargellan A. McCall received her associate in arts degree from Bergen Community College (BCC) in 1972. She continued her education to earn a bachelor's degree in psychology and a master's degree in human development from Fairleigh Dickinson University. In 1980, she earned her doctorate in higher education administration from the Union Graduate School in Cincinnati, Ohio.

Dr. McCall began her profession in higher education at Fairleigh Dickinson University where she served as Director of the Teaneck Learning Center, Director of Student Activities, Assistant Dean of Students, and ultimately Dean of Students until 1987, when she took a position at Bloomfield College. At Bloomfield, Dr. McCall was Vice President for Student Affairs and Dean of Students. In 1990, she joined the faculty of the Multi-Cultural Center of Jersey City State College. She is also a consultant to the New Jersey Multi-Cultural Studies Project.

In addition to her career in higher education, Dr. McCall has maintained strong ties to BCC through her involvement as a member of the BCC Board of Trustees. She was appointed to the board in 1987 and currently serves as chairperson of the community relations, legislation, minorities, and student affairs committee. Dr. McCall truly exemplifies the excellence of the community college system.

Corporate Partner
BROOKDALE COMMUNITY COLLEGE

Brookdale Community College (BCC) and International Business Machines (IBM) have enjoyed a substantive and creative partnership that has spanned two decades and produced significant improvements in the business, educational, and general communities.

In 1989, Brookdale Community College was designated one of only six regional training sites for the IBM AS/400 computer system. IBM supplied and installed a complete AS/400 computer laboratory in the Lincroft campus Advanced Technology Center. Individuals and local business personnel are currently receiving training on this equipment which includes the latest software.

IBM has also donated various adaptive technologies to guarantee access and to make computer skills and usage available to individuals with disabilities. Mr. J. H. Artis, IBM, a member of the Adaptive Services Advisory Board, has facilitated donation of more than $10,000 worth of equipment.

IBM/Rolm has also assisted with equipment needs. Through the efforts of Ms. Nancy Carlyle, IBM/Rolm, the corporation installed and trained faculty and staff on IBM telephone equipment previously donated by the *Asbury Park Press* in Neptune.

IBM has long recognized the value, responsiveness, and flexibility of the community college system and has freely given its time and resources to this successful corporate partnership.

Alumna Honoree
BROOKDALE COMMUNITY COLLEGE

Paulette Eichenholtz, a 1976 graduate of Brookdale Community College (BCC), Lincroft, is currently President and CEO of Focus World Incorporated, an international consumer behavior research firm she founded in 1980. Focus World is located in Holmdel and conducts business throughout the United States and in five European countries.

Ms. Eichenholtz attended the Lycee Francaise in Marrakech, Morocco, coming to the United States in 1960. She began her studies at Brookdale in 1972. She earned a bachelor of arts degree with high honors from Rutgers University in 1978 and entered a master's program at Rutgers soon after that.

Ms. Eichenholtz has been an active member of the Brookdale Foundation Board of Trustees since 1984 and was President of the Brookdale Alumni Association from 1985 to 1990. Under her leadership, and with the boundless enthusiasm she brings to any task, both organizations have prospered and grown, and look forward to their continued associations with Ms. Eichenholtz.

Corporate Partner
BURLINGTON COUNTY COLLEGE

Memorial Hospital of Burlington County and Burlington County College (BCC) have enjoyed a lengthy and productive relationship. In the academic realm, Memorial Hospital was instrumental in the establishment of the BCC Nursing Program and provides facilities for students' clinical internships. The hospital and college also offer a Cooperative Instructional Program in Radiography, and have worked together on programs in Medical Records Technology and Medical Laboratory Technology. Through a variety of credit-free BCC programs, the hospital offers its employees on-site training in such areas as Medical Transcription, LOTUS 1-2-3, and Management Development.

Memorial Hospital has been a major employer of BCC students and graduates. Additionally, it has offered extensive volunteer opportunities for the many citizens who participate in the BCC-sponsored Retired Senior Volunteer Program. Memorial Hospital has also provided facilities for workshops dealing with literacy-related subjects.

The Memorial Hospital administration has consistently demonstrated its commitment to the college's goals through its financial support of the BCC Foundation, and has been a corporate partner that is truly irreplaceable.

Alumna Honoree
BURLINGTON COUNTY COLLEGE

Linda Hermans Tilli attended Temple University for several semesters as a traditional student in the mid-1960's. She enrolled at Burlington County College (BCC) in 1979 to resume her journey toward a bachelor of arts degree. Ms. Tilli graduated in 1980 with highest honors and received the college's award for excellence in the visual arts. She later attended Glassboro State College, from which she graduated summa cum laude in 1985. In 1986, she returned to Temple upon acceptance into the university's department of rhetoric and communication as a graduate teaching assistant. Her major focus in the graduate program was organizational communication.

Ms. Tilli has subsequently taught at Camden County College, Glassboro State College, Temple University, and the University of Pennsylvania's Wharton School. She is a member of the International Speech Communication Association, the Eastern Communication Association, and the Pennsylvania Communications Association.

Ms. Tilli has given invaluable assistance to BCC as a key member of committees charged with renovating the Lewis M. Parker College Center complex and planning the design of the new academic services building on the Pemberton Campus. She provides all community college students with an excellent example of future possibilities and achievements.

Corporate Partner
CAMDEN COUNTY COLLEGE

For the last three years, Camden County College (CCC) has been working with the IBM Corporation in a partnership which promotes technology transfer between the College's Integrated Manufacturing Center (CIM) and small to medium-sized manufacturing companies.

The state-of-the-art CIM Center and educational programs earned CCC membership in IBM's CIM in Higher Education Alliance, an industrial/college partnership comprised of over 70 colleges nationwide. CCC has also been designated an Alliance Support Center, serving as one of seven colleges to provide training and support services for other alliance schools.

IBM has provided CCC's CIM Center with several million dollars' worth of computer equipment and manufacturing software, bringing the center to a more sophisticated level than would otherwise have been possible. Staff support and on-going training from IBM also enable CCC to be a leader in offering sophisticated factory floor courses in support of the high technology training needs of local industries.

IBM's affiliation with CCC has also fostered the development of similar partnerships with other companies. This corporate partnership is mutually beneficial. It assists IBM in promoting the use of sophisticated manufacturing techniques to American business and industry while it supports the college in training the best employees for a competitive world marketplace.

Alumna Honoree
CAMDEN COUNTY COLLEGE

Maryetta Cook is a 1983 graduate of Camden County College (CCC). Although Ms. Cook's education was interrupted by family obligations, she received her associate degree in the business administration transfer program. During her time at CCC, she saw firsthand the financial difficulties experienced by many women students. Their struggles and her balancing of family and educational responsibilities led Ms. Cook to make a commitment to helping women complete their education.

After graduting from CCC, Ms. Cook attended Rutgers University, receiving her bachelor's degree in 1986. Since her graduation, Ms. Cook has made her commitment a reality. She has been a philanthropist to CCC's Women in Transition program. In addition, she has donated many hours of service to the college community, serving on the CCC Board of Trustees and presenting workshops.

Maryetta Cook is employed by Union Central LIfe Insurance Company in Pennsylvania, selling financial planning and insurance in the tri-state area. She credits her college professors with helping her make career decisions which led to this successful position.

Ms. Cook is an exemplary representative of community college alumni, not only for what she has accomplished in her own education and personal achievements, but for the assistance she has provided to others.

Corporate Partner
CUMBERLAND COUNTY COLLEGE

Wheaton Industries and Cumberland County College have been partners in progress since the college's inception. Frank H. Wheaton, Jr., President of Wheaton Industries, was a member of Cumberland County College's founding Board of Trustees in 1964.

Over the years, Mr. Wheaton has displayed leadership that has helped the college function as a vital community resource. The latest achievement of the cooperative spirit between Wheaton Industries and Cumberland County College is the Frank H. Wheaton, Jr., Plastics Technology Center, where area residents can receive excellent training for careers that are in demand. Mr. Wheaton has donated his expertise, energy and state-of-the-art equipment to the center.

In 1980, Mr. Wheaton was given the Outstanding Manufacturer Award by the glass industry. In 1986, the Society of Plastics Engineers presented Mr. Wheaton with its Outstanding Businessman of the Year Award.

Alumna Honoree
CUMBERLAND COUNTY COLLEGE

Ella Boykin, a Vineland High School ninth/tenth grade English teacher, was recently selected by the New Jersey Association of Black Educators as the Outstanding Black Educator of 1990.

In addition to her duties at the high school, Ms. Boykin is a clinical teacher in Glassboro State College's Master of Science Teacher program. She is an appointed member of Vineland's Five-year Master Planning Advisory Committee and the Cumberland County Juvenile Conference Committee.

Ms. Boykin began her higher education at Cumberland County College when she was 30 years old. Her lifelong goal was to be a teacher. Ms. Boykin's children — Thomas, Anthony and Judith — have also attended Cumberland County College. And they went on to earn degrees from Cheyney University, Juniata College and Pierce Junior College.

Ms. Boykin was an excellent student at Cumberland. She was a member of Phi Theta Kappa, a national fraternity that honors academic excellence, and she was cited as the outstanding New Jersey Educational Opportunity Fund Program (EOF) student for her scholastic achievement and campus and community involvement. She has also been honored by the state as an outstanding EOF alumna.

Like scores of Cumberland graduates, Ella demonstrates that community college alumni go on to excel as leaders and distinguished professionals.

Corporate Partner
ESSEX COUNTY COLLEGE

A unique partnership between Essex County College (ECC) and Blue Cross and Blue Shield (BCBS) of New Jersey continues to pay employment dividends for the state's largest health insurer while helping students finance their education and gain valuable work experience.

Since 1988, BCBS has operated a claims processing office at the college's Newark campus and hired students to process medical claims for its Consumer Market Division. The students are employed as part-time data entry operators and work flexible hours to accommodate their class schedules.

This cooperative venture has enabled BCBS to tap a new pool of skilled workers and is believed to be the first time the health insurance industry has recruited undergraduates to operate a business office on a college campus. Nearly 60 ECC students have benefited from this partnership since BCBS opened its first off-site office at the college.

The student-employees, who are compensated at union rates, are eligible to apply for tuition reimbursement and, after one year of employment, qualify for health insurance benefits. Blue Cross has fulfilled its promise to offer career opportunities to participating students once they complete their studies. To date, six ECC graduates have moved on to full-time positions with BCBS. The company is not only a valued corporate partner, but has become an esteemed integral part of the college.

Alumnus Honoree
ESSEX COUNTY COLLEGE

The distinguished career of State Senator Ronald Rice offers a telling portrait of a man determined to "make a difference" through public service. As President of the Essex County College (ECC) Alumni Association, Senator Rice never misses an opportunity to credit his alma mater with having played a pivotal role in his success.

Senator Rice now serves as Assistant Majority Leader in the Senate and is also a three-term Newark councilman. When elected in 1982, Senator Rice became the first black councilman from Newark's West Ward. He was the first recipient of ECC's Distinguished Alumnus Award. The Senator earned his associate degree in criminal justice in 1974 and went on to earn a bachelor's degree from John Jay College and a master's degree from Rutgers-Newark.

Senator Rice has been a leading voice for education reform during his five-year tenure in the Senate. As a member of the Joint Appropriations Committee, he has actively sought increased funding for the county college sector. He has lobbied intensely for ECC and played a key role in the restoration of funding for a remedial skills center at his alma mater.

Despite his hectic schedule, Senator Rice continues to spearhead alumni efforts to promote ECC's prominence. Under his leadership, the Alumni Association has significantly expanded its membership and instituted major fundraising activities for the college.

Corporate Partner

GLOUCESTER COUNTY COLLEGE

The first chairperson of the Gloucester County College (GCC) Board of Trustees was a Mobil executive. In the almost twenty-five years since then, college and corporation have had a mutually beneficial relationship.

Mobil has donated specialized scientific equipment, enabling GCC to establish math, science, and technology facilities. Mobil personnel have served on numerous advisory boards as well as in the college's business programs. The college, in turn, has had senior faculty members participate in faculty-on-loan programs with Mobil. Additionally, numerous Mobil employees have taken courses at GCC, while the college's Lifelong Learning Department has developed customized programs for Mobil personnel in subjects ranging from quality technology to effective communications.

As a result of the matching-funds feature of Mobil Foundation, thousands of dollars have been received by GCC and its Foundation during the past two decades. This revenue has provided scholarships and has funded acquisition of equipment and facilities. Mobil has also awarded its own scholarships to GCC students.

Mobil is a major employer in Gloucester County, operating local refinery and research complexes, enabling both the college and the community to reach the highest standard of excellence.

Alumnus Honoree

GLOUCESTER COUNTY COLLEGE

A member of the first graduating class from Gloucester County College (GCC), Joseph Mendolia has had an achievement-filled career as businessman, developer, and humanitarian. After graduating with honors in business administration, this accounting major went on to receive his bachelor's degree from Glassboro State College.

Mr. Mendolia played a major role in the construction of facilities within Carnegie Park, Princeton, and for the past decade has constructed most of the facilities within MidAtlantic Industrial Park in West Deptford, one of the largest business parks in New Jersey. Mr. Mendolia has been active in trade and professional organizations as president of Mendolia Construction Management, Inc., of Mullica Hill.

He has supported the GCC Foundation, playing a leading part in events which have raised $20,000 annually to provide scholarships and to support worthy campus projects. In addition, he has directed fund-raisers for the Heart Association. Through his involvement in his community and his successes throughout the state, Mr. Mendolia exemplifies the best the community college system offers.

Corporate Partner
HUDSON COUNTY COMMUNITY COLLEGE

Morgan Guaranty Trust has been extremely supportive of Hudson County Community College's (HCCC) Culinary Arts Institute and Programs. From its generous corporate giving program, Morgan has provided summer externships in its extensive Corporate Food Service Facilities and has provided employment opportunities for Hudson graduates.

In May 1990, the Morgan Company donated approximately $250,000 worth of kitchen equipment including stoves, refrigeration systems, and industrial dishwashers to HCCC's Culinary Arts Institute. Morgan Guaranty has also donated office furniture, including desks and credenzas.

This summer the college plans to place more students in the corporation's externship program. Morgan Guaranty Trust continues to be a strong corporate sponsor and dedicated friend to HCCC.

Alumnus Honoree
HUDSON COUNTY COMMUNITY COLLEGE

Sami Khouzam emigrated from his birthplace of Cairo, Egypt, to the United States where he settled in Jersey City. Mr. Khouzam was in the first graduating class of HCCC's Culinary Arts Institute (CAI) in 1985. As a student, Mr. Khouzam worked as a volunteer with various clubs in the CAI, honing his skills at ice and taro carving. Upon graduating, Mr. Khouzam worked as the *garde manger chef* at the Pegasus Restaurant in New Jersey. He then went on to be *garde manger chef* at the Waldorf, in Manhattan. Mr. Khouzam was later recruited by HCCC to teach at the CAI and has been teaching at HCCC for the past three years.

He serves as an advisor to CAI student clubs, and has brought prominence to the college by winning the first prize in the 1989 Instructors' Competition at the New York Hotel and Restaurant Show.

As a graduate of HCCC's CAI, Mr. Khouzam serves as a role model as well as an exemplary and dedicated teacher to his students. Mr. Khouzam currently resides in Edison with his wife and daughter.

Corporate Partner
MERCER COUNTY COMMUNITY COLLEGE

American Cyanamid has assumed a leadership role as an outstanding corporate partner to Mercer County Community College (MCCC). Through the personal leadership and initiative of its President, James V. Gramlich, the corporation has forged strong links to the college in many meaningful ways.

As president of the MCCC Foundation Board, Dr. Gramlich has served as a catalyst in the revitalization of the Board. His commitment and encouragement have guided the foundation through an energetic period during which the board has been reconstituted to include many corporate leaders. A major gifts campaign has also begun and American Cyanamid has provided the first gift in that campaign.

The company serves as a model for college-corporate partnerships, employing MCCC's cooperative education students, hiring its graduates, and utilizing the college's contracted training programs and services. It has participated in an innovative joint venture with the college in which American Cyanamid employees were surveyed to determine to what extent they and their families avail themselves of the college's programs and services.

American Cyanamid has been an exemplary corporate partner with MCCC, providing resources through which MCCC can maintain and expand its standards of excellence.

Alumna Honoree
MERCER COUNTY COMMUNITY COLLEGE

Phoenix Smith, an alumna of Mercer County Community College (MCCC), was especially influenced by the strong inspirational women on MCCC's faculty. She later received her bachelor of arts degree in 1980 from Rutgers University, where she majored in women's studies and sociology. Six years later, she was named a Fellow at the Eagleton Institute of Politics, Rutgers University.

Now President of her own company, Public Interest, Inc., Ms. Smith specializes in government relations and fundraising on behalf of trade association clients. Ms. Smith, with several other members of the college foundation, has initiated meetings with New Jersey legislators to bring to their attention the financial concerns of all community colleges.

Ms. Smith sees the college as a symbol of opportunity for all members of the community. Through her enthusiastic support, Ms. Smith, a dedicated and active member of the MCCC Foundation, inspires optimism and confidence among her colleagues. She is a willing volunteer for numerous college activities, including major fundraising events and the college's Major Gifts Campaign.

Ms. Smith's growth and dedication to excellence provide a standard of achievement against which future community college students will measure their own accomplishments.

Corporate Partner
MIDDLESEX COUNTY COLLEGE

An enthusiastic supporter of Middlesex County College (MCC) for many years, Johnson & Johnson has contributed to the sustained growth and development of the college in various ways, not the least of which involves the volunteered services of key executives.

Johnson & Johnson's support of MCC as a strong source of talent for business, industry, and the professions is one example of the Company's active civic involvement and commitment to the community in which its employees live and work.

Despite its worldwide involvement, Johnson & Johnson has never lost touch with its local community and continues to provide wisdom and support. Throughout the years, Johnson & Johnson has worked side by side with MCC and its foundation. In fact, the late Paige D. L'Hommedieu, then a member of the Johnson & Johnson Executive Board, served as the Founding Chairman of the College's Board of Trustees.

Johnson & Johnson is commended for being such an excellent corporate citizen, for its leadership in revitalization programs, for the professional and management expertise its personnel bring to the educational sector, for employment of MCC students, and in short, for being such a longstanding and dedicated friend. MCC is honored to have Mr. Robert Ciatto accept the award on behalf of Johnson & Johnson.

Alumnus Honoree
MIDDLESEX COUNTY COLLEGE

Jim Cahill received his associate degree from Middlesex County College (MCC) in 1972. After graduating with honors, he continued his education to earn a bachelor of science degree from Glassboro State College and a master's degree in criminal justice from Rutgers University. In 1979, he was awarded a Juris Doctorate from Seton Hall School of Law.

Mr. Cahill was admitted to the New Jersey Bar Association in 1979. He is a founding partner of the law firm of Cahill, Hyland and Brancifortel located in New Brunswick. For ten years he also served the city of New Brunswick as a member of the City Attorney's Office.

This past November, Mr. Cahill was elected to serve as the 62nd Mayor of the City of New Brunswick. He also serves as President of the New Brunswick Bar Association and is active in the organization's annual scholarship program. He is a member of the New Jersey Bar Association, the New Jersey Supreme Court Committee on taxation, the New Jersey Conference of Mayors, and the Urban Aid Mayors Association. He is also a member of the Board of Trustees of the New Brunswick Cultural Center.

Corporate Partner
COUNTY COLLEGE OF MORRIS

Warner-Lambert Company has numerous linkages with the County College of Morris (CCM). The company currently employs more than 100 CCM alumni and has hired more than 150 CCM graduates in the past eight years. Warner-Lambert has also been an active partner in the college's Office Systems Technology co-op program. Additionally, the company contracts with CCM to provide corporate training.

Warner-Lambert has especially assisted the college in addressing workplace literacy and workforce development among minority and multi-ethnic groups. The company donated funds for The Triangle Program, which provides a van and driver to shuttle economically disadvantaged minority students from the Dover area to CCM for classes, then to Warner-Lambert for co-op and part-time jobs.

As a corporate partner of CCM, Warner-Lambert encourages its employees to teach courses at the college and serve on advisory committees, providing professional expertise. The corporation's Director of Community Affairs, Evelyn Self, is a tireless member of the CCM Foundation Board of Directors. This foundation supports many programs not normally funded by the State of New Jersey, the taxpayers of Morris County or student tuition.

CCM could not hope to find a better corporate partner than Warner-Lambert company, nor one as deserving of a Community College Excellence Award.

Alumna Honoree
COUNTY COLLEGE OF MORRIS

More than 20 years ago, Carol A. Fitzpatrick was a secretary in the Construction & Engineering Department of Loew's Theatres and Hotels. She is now the North Jersey District Recruiter at United Parcel Service (UPS). Somewhat unsure of her abilities, this mother of three returned to school after being at home for several years with her children. In 1986, she graduated magna cum laude from the County College of Morris (CCM).

Ms. Fitzpatrick went on to earn her bachelor's degree in psychology. While still in school, she was hired by UPS to be an intern in the Recruiting Department. By placing ads in campus newspapers, Ms. Fitzpatrick reduced recruitment advertising costs at UPS while, for the first time in the company's history, meeting its targeted number of students employed. Pleased with her performance, the company created a part-time recruiter position for her so that she could devote time to her family. She was promoted to North Jersey District Recruiter in October 1990.

At CCM at least once a week, Ms. Fitzpatrick is responsible for the excellent relationship which has developed between CCM and UPS and has played a role in arranging UPS funding for special CCM programs. Ms. Fitzpatrick is an active member of both the CCM Ambassadors Club and the Executive Board of the CCM Alumni Association.

Corporate Partner
OCEAN COUNTY COLLEGE

Mr. Richard Sambol personally and The Sambol Family of Construction-Related Companies have dedicated their time, talent and treasures to the advancement and betterment of Ocean County College (OCC).

Mr. Sambol gives generously of his time to OCC. He served as Chairman of the Foundation from 1980 to 1983. He was appointed to the College Board of Trustees in 1975 and served as Chair from 1980 to 1986. He has been honored for his outstanding and long service as the OCC Foundation Humanitarian of the Year and as recipient of the college's Distinguished Services Award.

Through Mr. Sambol's talented leadership and through his companies, he has been responsible for beautifying the college, both by creating the lake at the college entrance and by developing Sambol-Citta Arboretum, a ten-acre reserve containing examples of every tree and shrub indigenous to New Jersey.

Mr. Sambol has encouraged his employees to attend OCC on scholarships he provided. He has also established the Sambol scholarships to enable graduates of OCC to go on to Monmouth College and has provided strong leadership to various annual fundraising events including the Foundation Garden Party.

His leadership in program development led to special construction code and management courses. Mr. Sambol has hired OCC graduates into his construction-related companies and has served as the driving force behind much of OCC's growth.

Alumnus Honoree
OCEAN COUNTY COLLEGE

David G. Paulus graduated from Ocean County College (OCC) with an associate in arts degree with a concentration in business. He immediately went on to Monmouth College and received a bachelor of science degree in business management in 1983.

However, Mr. Paulus never really left OCC although he entered the business world, successfully managed an insurance business; became involved with Rotary Club, Chambers of Commerce, and other professional and community organizations.

Mr. Paulus' presence at OCC is continuous, consistent and shows the concern he has for the students and programs of the college. The year following his graduation from OCC, he served as the Alumni Representative on the college Board of Trustees. He followed that by becoming President of the OCC Alumni Association from 1983 to 1987 and again, from 1989 to the present.

Since 1985, Mr. Paulus has been a member of the OCC Foundation. His committee memberships on the foundation have included the Finance Committee, the Special Projects Committee and Chairman of the Financial Aid Committee. He serves on these committees with a genuine sense of responsibility, seeing each project through to completion and ensuring that it is done well.

Mr. Paulus is truly an *ambassador extraordinaire*, not only for OCC, but for New Jersey's statewide community colleges.

Corporate Partner
PASSAIC COUNTY COMMUNITY COLLEGE

C.J. Vanderbeck and Sons, Inc., has been an outstanding supporter of Passaic County Community College (PCCC). Through the efforts of its president, Donald J. Vanderbeck, Sr., PCCC has been the beneficiary of monetary and community support. In 1986 he led a group of local business leaders to Trenton to meet with the Chancellor of Higher Education to successfully lobby for an increase in funding for pre-college programs in Passaic County.

Through Mr. Vanderbeck's initial efforts, the college received seed money from the New Jersey Department of Higher Education to establish the Urban Consortium. Currently, the programs under the consortium receive funding of $400,000. Mr. Vanderbeck has also served on the college's Business Advisory Board.

PCCC can always count on its corporate partner whenever fundraisers are held, including participation in the college's Passaic County's Finest Chefs Program. C.J. Vanderbeck and Sons' generosity and commitment have made a real difference in PCCC's growth and high standards over the past decade.

Alumnus Honoree
PASSAIC COUNTY COMMUNITY COLLEGE

Lawrence West has shown his commitment to Passaic County Community College (PCCC) in a variety of significant ways. After graduating from PCCC in 1987 with an associate degree in liberal arts, he went on to earn his bachelor's, master's and doctoral degrees. While employed by General Foods, Dr. West kept close ties with PCCC, encouraging his employer's interest in his former institution, which resulted in generous contributions to the PCCC Scholarship Fund made on an annual basis. He currently owns a business management consulting firm in Paterson, where he resides.

Dr. West is also a driving force in his position on the PCCC Alumni Association and has personally established a scholarship fund at the college. As an adjunct faculty member in the business department at PCCC, Dr. West served as an outstanding role model for the students. Additionally, he provides alumni advice and participation in all PCCC activities for which help is needed.

His efforts have and continue to insure PCCC's high standards and accessibility for tomorrow's students.

Corporate Partner
RARITAN VALLEY COMMUNITY COLLEGE

A major corporate presence among a number of blue ribbon companies in Somerset County, the Johnson & Johnson (J&J) Family of Companies responds to community needs consistent with the J&J credo. A major tenet of the J&J credo calls for corporate responsibility in support of substantive, meaningful community programs and projects.

Among those supported by J&J at Raritan Valley Community College (RVCC) have been the Theatre Building Fund, the "Project ReLeaf" Tree Planting Drive, the County College Grant Program, and numerous RVCC scholarship awards. In a time of government cutbacks and recession, the J&J Companies have been instrumental in the development of programs in health, education, environmental research, family well-being, and the arts.

Among the Somerset County J&J Family of Companies assisting the Raritan Valley Community College are Ethicon, Inc. of Bridgewater, Johnson & Johnson Consumer Products Company of Skillman, the Johnson & Johnson Management Information Center, Ortho Biotech, Ortho Diagnostic Systems, Inc., Ortho Pharmaceuticals Corporation, and the Robert Wood Johnson Pharmaceutical Research Institute.

Alumna Honoree
RARITAN VALLEY COMMUNITY COLLEGE

At age 27, Barbara Dazzo, the mother of three young children, found herself facing a possible life-threatening health problem. Nevertheless, her commitment to completing her education was never stronger. A 1974 graduate of Raritan Valley Community College (RVCC), Dr. Dazzo went on to Douglass College in New Brunswick where she earned her bachelor's degree in 1976, followed by a master's and Ph.D. from Rutgers University.

Today the Bridgewater resident is a psychotherapist with a private practice in Somerset. Dr. Dazzo is also an adjunct faculty member at the Robert Wood Johnson Medical School. She sits on the boards of several psychotherapy associations and volunteers with the People Care Center of Somerset County. In 1989, she participated in the United States/Soviet Union Student Roundtable on strategies for ending world hunger.

A noted author in her field, Dr. Dazzo most recently co-edited a book titled, *Roots and New Frontiers in Social Group Work*. She has an impressive list of journal publications to her credit and provided assistance for a documentary film titled "Fifty Years After Freud." For her accomplishments, Dr. Dazzo was awarded the Outstanding Alumni Award by RVCC at the college's 20th commencement ceremony in 1989.

Barbara Dazzo is a shining example of the successful New Jersey Community College graduate.

Corporate Partner
SALEM COMMUNITY COLLEGE

Serve-U-Electric Company has been, through the efforts of its president, Sol L. Davidow, a generous and committed corporate partner to Salem Community College (SCC). A successful and respected business leader, Mr. Davidow believes in giving back to the community that has given to him. He supports the value of education in today's technological society as well as the mission of the community college. For this reason he has adopted SCC as a major recipient of his generosity.

Mr. Davidow has been chairperson of the college's Foundation since 1980, when he chaired the college's first capital campaign. Since 1985, he has established several college scholarships in nursing, technology, liberal arts, and science. Additionally, he has contributed funds for the construction of the college's computer integrated manufacturing laboratory and for the refurbishing of the scientific glass technology laboratory. His most recent contribution to the college is the largest donation ever received from a businessman.

His company's partnership with the college extends to assisting students. Nursing students may also receive the Sol and Jean Davidow nursing scholarships annually.

In Sol L. Davidow and his company the community college movement and SCC in particular have an outstanding advocate and partner.

Alumna Honoree
SALEM COMMUNITY COLLEGE

Gilda T. Gill, the first woman freeholder in Salem County, graduated from Salem Community College (SCC) with an associate degree in business administration. She is currently completing courses for a bachelor of arts in political science at Rutgers University, Camden campus.

Before she graduated from SCC, Ms. Gill was Public Assistance Director for Penns Grove Borough. After she graduated she became the first woman municipal clerk in Salem County, holding the position of municipal clerk-treasurer and then municipal clerk. Ms. Gill was the founder and first President of the Municipal Clerks Association of New Jersey. She is also a member of several professional organizations.

Ms. Gill is a charter member of the Salem County Commission on Women and initiated the Commission's Resource Directory. In August, she will receive the Commission's award as a Woman of Achievement. Her contributions have been recognized by both civic and county leaders.

Ms. Gill's present civic activities are many and include commission and board positions, and service in a variety of volunteer capacities. As an individual who continues to further her education and who has also made significant contributions to her community, Ms. Gill serves as an excellent role model for future community college graduates.

Corporate Partner
SUSSEX COUNTY COMMUNITY COLLEGE

Established in 1933, the National Bank of Sussex County, located in Branchville, has taken an active role in developing and enhancing the academic quality of Sussex County Community College (SCCC). Its major contributions include providing sound investment guidance; furnishing time, executive leadership, and financial support to the college foundation; consistently contributing to the Merit Scholarship program; as well as donating funds and taking a major role in the college's campus beautification program.

Further evidence of the National Bank of Sussex's confidence in SCCC includes its continued policy of underwriting SCCC tuition for its employees. In addition, the bank has authorized one of its vice presidents, Jeffrey Quinn, to make a major contribution of time and expertise by serving as the chairperson of SCCC's Board of Trustees.

The National Bank of Sussex County is a community bank that reinvests in its county; ninety percent of every dollar deposited is loaned to local residents and businesses. It is not surprising, therefore, that the bank has been motivated to assist the young SCCC as it evolved into a viable community college. Today it is equally supportive as SCCC strives to maintain its standards of excellence.

Alumna Honoree
SUSSEX COUNTY COMMUNITY COLLEGE

In the fall of 1987, Marjorie "Pepper" Puccetti, a resident of Hamburg, came to Sussex County Community College (SCCC) to pursue a one-semester, training/retraining secretarial science program in Office Systems Technology (OST). Graduating with a nearly perfect grade point average, she was strongly motivated by her academic success to enroll in SCCC's associate degree program in business administration.

Ms. Puccetti's enhanced self-esteem and determination led her to aspire to employment opportunities in areas she previously considered unattainable. A native of Plattsburgh, Ms. Puccetti is currently employed as the executive secretary for the President of the Sussex County State Bank in Franklin.

At the time of her enrollment, Ms. Puccetti did not have the financial means to enroll in a program to upgrade her professional skills. Through the Job Partnership Training Act and SCCC's OST certificate training program, she gained the skills needed to move her career forward and commit herself to another goal: obtaining her associate degree in business administration.

Ms. Puccetti exemplifies the mature individual, formerly referred to as the non-traditional student, who seeks advancement through a community college and succeeds.

Corporate Partner
UNION COUNTY COLLEGE

Union County College (UCC) has been a long-time beneficiary of substantial contributions from Exxon Corporation. Exxon provided the college's Minorities in Engineering Project with its original planning grant of $50,000 and has continued to contribute to the project during the past 12 years. This project has enabled one-third of its students to pursue engineering careers. Additionally, more than half of the project graduates have earned their bachelors' degrees.

Exxon's employees have contributed substantially to UCC's growth. Thomas Gallagher, a retired executive, serves as a charter member of the college's Board of Trustees and is a long-time member of the UCC's Board of Governors, as is Dr. Richard Neblett. E. Duer Reeves, an Executive Vice President of Exxon Research and Engineering Company, is also a Governor Emeritus and past Chair of the Board of Governors. Recently appointed to the Board is Frances Sabatino, also an Exxon executive.

Alumnus Honoree
UNION COUNTY COLLEGE

Dr. Harry Robinson, a 1937 graduate of Union County College (UCC), is a retired Vice President for Scientific Affairs at Merck & Co., Inc., Rahway, and co-developer of the drug streptomycin. Dr. Robinson was part of the team that in 1943 discovered this first antimicrobial agent used effectively to combat tuberculosis. His specialization was analyzing the drug's effectiveness on infections in animals and researching its safety.

Dr. Robinson went on from UCC to graduate from New York University, earned a Ph.D. in microbiology from Rutgers University and an M.D. from Columbia College of Physicians and Surgeons. His career as a scientist continued following his retirement from Merck, with service as Vice President for Medical Affairs at Allied Corp., Morris Plains, and teaching at the University of Medicine and Dentistry of New Jersey, Newark.

UCC's first alumni representative to serve on the Board of Trustees of the Union College Foundation, Dr. Robinson exemplifies the goals and mission of UCC, especially the college's role in helping students transfer to some of the nation's finest educational institutions. UCC is proud of Dr. Robinson and his accomplishments.

Corporate Partner
WARREN COUNTY COMMUNITY COLLEGE

Ingersoll-Rand Engineered Pump Division of Phillipsburg has been a reliable and generous corporate partner of Warren County Community College (WCCC). During a time of development, as WCCC raises funds for a permanent campus, Ingersoll-Rand has provided encouragement, support, and financial assistance.

Ingersoll-Rand made substantial donations during WCCC's capital campaign, a campaign that collected $500,000. Most of this money will be used for the purpose of purchasing property for a permanent campus. Believing that residents should have the opportunity to pursue a higher education in their own community, Ingersoll-Rand has made a strong commitment to a permanent home for WCCC. A company with roots in the county, Ingersoll-Rand has expressed the desire to help WCCC build an institution that will attract students, keeping their talents within the region.

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Ingersoll-Rand has proved a dedicated and loyal affiliate on many levels during this period of growth.

Alumna Honoree
WARREN COUNTY COMMUNITY COLLEGE

From 1971 to 1983, Gayle Bruhn worked in secretarial jobs at Mobil Chemical Company in Washington; at Oden, Inc. in Phillipsburg; and at The Good Shepherd Home and Rehabilitation Hospital in the Lehigh Valley. After taking a job at Warren County Community College (WCCC) providing administrative assistance to the Dean of Academic Affairs, Ms. Bruhn enrolled at WCCC as a student.

Ms. Bruhn achieved a 4.0 average while she earned an associate degree in business management by attending evening classes scheduled around her work day. After graduating, she was hired by Town and Country Bank in Flemington as an administrative assistant to the President. Within a few months she was promoted to corporate secretary at the bank's headquarters. She has advanced to an officer-level secretarial position to the Board of Directors and to the Executive Administration Department at Somerset Trust Company in Somerville following a bank merger.

With additional responsibilities to the Chief Executive Officer; Advisory Councils; and the Executive Vice President of Operations, Administration and Finance; Ms. Bruhn finds her present position most rewarding. Her academic achievements and subsequent professional advancement are an excellent example and inspiration to students, particularly those returning to a classroom environment after many years away from school.

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for providing personalized name tags for attendees

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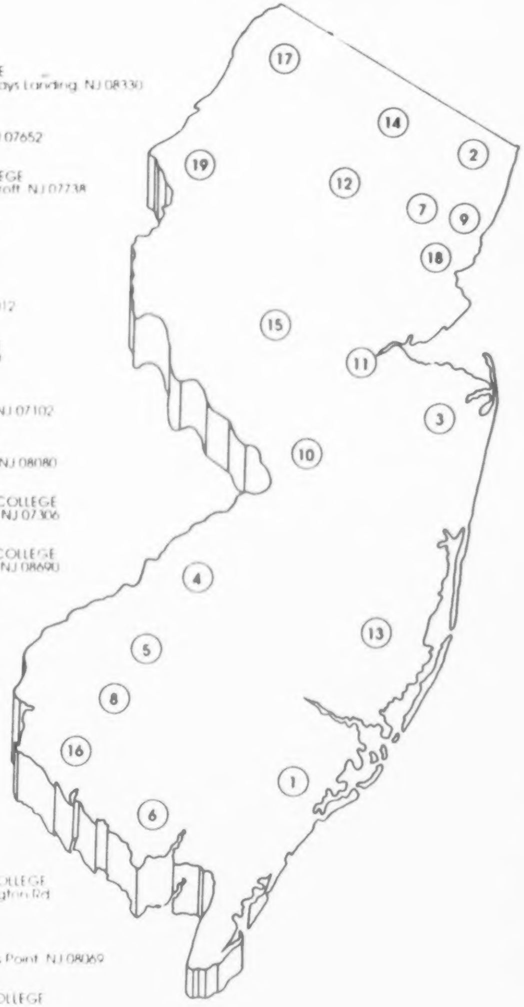

Mr. PAYNE. Thank you very much.

We would like to have that become a part of the record.

Our last panelist is Mr. Robert Durkee of Princeton University.

STATEMENT OF ROBERT K. DURKEE, VICE PRESIDENT FOR PUBLIC AFFAIRS, PRINCETON UNIVERSITY, PRINCETON, NEW JERSEY

Mr. DURKEE. Thank you, Chairman Payne, Mrs. Roukema and Mr. Andrews.

As you indicated, my name is Robert Durkee, and I am the Vice President for Public Affairs at Princeton University.

This subcommittee has such strong New Jersey representation that I am especially pleased to be able to testify here today.

In my written statement, I talk about the critical role that the Higher Education Act has played in assuring opportunity and a diversity of institutions and students in our American system of higher education.

This Nation depends on its research universities and its community colleges, its private liberal arts colleges and its State-supported institutions. It also expects that each student will have fair access to whichever institution is best able to develop that student's full potential.

At Princeton, we believe strongly in the principle of opportunity. We admit undergraduates without regard to their financial circumstances and then meet the full demonstrated need of each student with need. One result is an undergraduate body where more than 20 percent come from racial and ethnic minorities and more than 40 percent receive financial aid.

The Federal Government plays a role in our financial aid program that is essential but eroding. It is essential in the sense that many of our students who work depend on college work study. Many who borrow depend on Perkins and/or Stafford loans and repay them. Our default rate ranges between 1 and 2 percent. And almost $1.5 million of our scholarship budget of $17.5 million comes from Pell and SEOG.

But it is eroding in the sense that the contribution from Pell and SEOG represents only 8.5 percent of our overall scholarship budget as compared to 11 percent 5 years ago and 22 percent 10 years ago. Also, there is a greater need for loans than the Federal programs can meet.

Private colleges and universities throughout the country have made determined efforts in recent years to moderate their tuition increases and to generate additional private support, but they remain heavily dependent on tuition dollars to meet the costs of quality.

At Princeton, we offer an educational program of world renown, and despite the fact that even full tuition pays for only about 60 percent of what an education costs and despite recent cost savings approaching $6 million, our annual fee for tuition, room and board now exceeds $20,000.

If these institutions are to remain accessible to students from all income levels, Federal programs will have to recognize the challenges faced not only by the poorest families but also by the many middle-income families that are willing to work and borrow as long as the resources they need are available to them and as long as the gap they have to close does not become totally unmanageable.

I hope we also can encourage more savings for education beginning well before the college years.

You have proposals before you that would expand access to loan capital, restore value to the Pell program and reaffirm the exceptional importance of the campus-based SEOG, college work study and Perkins programs.

I hope you will support these proposals and through them, the students and families throughout this State and Nation who aspire to the educational opportunities available at institutions that are working hard to provide quality education without extensive State support.

These students and families depend on Federal programs just as they depend on the colleges themselves to help bring these opportunities within their reach.

In my remaining time, I would like to touch briefly on two other topics. First, until recently, the Ivy League institutions and a number of other colleges and universities explicitly agreed to follow a policy in awarding their own aid that parallels the Federal policy of awarding scholarships solely on the basis of need.

This policy assures that all aid dollars will go to needy students. These institutions also worked collaboratively to develop policies and procedures for assessing need that were as accurate, fair and consistent as possible.

Unfortunately, as a result of recent actions by the Justice Department, these institutions are no longer permitted to consult on their policies and procedures or to agree that they will award aid solely on the basis of need, except in the case of athletes.

The Justice Department's interpretation of antitrust law notwithstanding, it may be in the national interests for Congress to protect certain kinds of consultation and agreement when the objective and result is better and more fully to meet the needs of needy students.

I am not referring at all to the practice of collective discussion of individual awards but, rather, to collective discussion of how best to determine need and collective agreement that all scholarship aid, not just Federal aid, will be awarded solely on the basis of need.

At a later time, we may wish to offer specific proposals along these lines.

Finally, I want to say just a word about the importance of the graduate programs within your purview. The Title IV programs that support graduate students, including college work study, Perkins and especially Stafford, and the Title IX programs that serve two principal purposes.

(1) they encourage excellent students to pursue advanced training in all fields, especially the arts, humanities and social sciences, that generally are not supported through other Federal programs, and particularly at a time when substantial shortages of faculty are projected later this decade.

(2) they expand our national commitment to opportunity at the graduate level, where we need substantially to increase the participation of minorities and women.

Each of these programs makes a distinctive contribution, and I hope you will sustain the integrity of the programs, improve the levels of support they can provide, and give them your strong endorsement.

Thank you again for this opportunity to testify, and I hope there will be further discussions as you pursue your critically-important responsibilities.

Thank you.

[The prepared statement of Robert K. Durkee follows:]

Princeton University
Vice President for Public Affairs
223 Nassau Hall
Princeton, New Jersey 08544

Testimony by Robert K. Durkee
Vice President for Public Affairs
Princeton University
on the
Reauthorization of the Higher Education Act

- - - -

Presented to the
Subcommittee on Postsecondary Education
Committee on Education and Labor
United States House of Representatives

- - - -

June 21, 1991

Members of the Subcommittee:

I want to thank the members of the Subcommittee, and especially our representatives from New Jersey, for this opportunity to comment on the reauthorization of the Higher Education Act. At this stage in your process, I recognize that you are seeking views all across the country, from educators, parents, students, public officials, and others. While there will be occasion for more detailed discussion at a later point, for now I would like to make just one general observation and then briefly discuss three topics that I hope will receive your careful and sympathetic consideration.

My general observation is simply this: there is nothing this nation does that is more important than educating its citizens. The Higher Education Act is truly landmark legislation, and its periodic reauthorization provides a fitting opportunity to build on its strengths, correct its imperfections, and address new and evolving needs. Over the past 25 years, the programs authorized by this Act have benefitted millions of students and thousands of colleges and universities in a multifaceted system of higher education that in many respects is the envy of the rest of the world.

One of the great strengths of this system is its enormous diversity -- of institutions and of students. This nation depends on its research universities and its community colleges; its private liberal arts colleges and its state-supported institutions. It also expects that each student will have fair access to whichever kind of institution is best able to develop that student's full potential.

Opportunity

The first topic I want to address concerns this question of opportunity. At Princeton University, we seek to enroll students from all over the country (and all over the world) who combine exceptional academic promise with qualities of leadership and a

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commitment to the service of others. Because it is so important to us, because of the generosity of our alumni, and because of the participation of the federal government, we are able to admit undergraduates without regard to their financial circumstances and then meet the full demonstrated need of each student with need. One result is an undergraduate student body in which more than 20 percent come from racial and ethnic minorities and more than 40 percent receive need-based financial aid.

Despite the fact that even full tuition pays for only about 60 percent of what a student's education costs, and despite substantial cost savings in recent years, Princeton's annual fee for tuition, room, and board now exceeds $20,000. To assure opportunity for students from all backgrounds, we make scholarship aid available in some cases to families with incomes in excess of $75,000. (The median family income of students receiving aid is just under $54,000.) We stretch our financial aid resources by awarding aid solely on the basis of need, and by expecting each financial aid recipient to meet at least some of his or her costs through work and loans before scholarship dollars are awarded.

The federal government plays a role in our financial aid program that is essential, but eroding. It is essential in the sense that many of our students who work depend on College Work

Study funding; many of our students who borrow depend on Perkins and/or Stafford loans; and almost $1.5 million of our scholarship budget of $17.5 million comes from Pell and SEOG. But it is eroding in the sense that this contribution from Pell and SEOG represents only 8.5 percent of our overall scholarship budget, as compared to 11 percent five years ago and 22 percent ten years ago. It is also eroding in the sense that there are more students who need loans than can meet the eligibility requirements for the federal programs. (I would note that students at Princeton who borrow do repay their loans; our default rate typically ranges between 1 and 2 percent.)

The private colleges and universities of this country have made determined efforts in recent years to moderate their tuition increases and they have been working hard to generate increased private support, but they are still heavily dependent on tuition dollars to meet the costs of quality. If they are to remain accessible to students from all income levels, then federal programs will have to recognize the challenges faced not only by the poorest families, but also by the many middle income families that are willing to work and to borrow as long as the resources they need are available to them, and as long as the gap they have to close does not become totally unmanageable. (I hope we also can do more to encourage families to save for their children's education, beginning well in advance of the college years.)

You have proposals before you from the higher education associations that aim to assure access to the full range of institutions for students from the full range of financial circumstances, including proposals that would expand access to loan capital and reaffirm the exceptional importance for students at private colleges and universities of the campus-based SEOG, College Work Study, and Perkins programs. There is no need to repeat those proposals here. But I do want to encourage your careful regard for all those students and families throughout this country who aspire to the educational opportunities available at institutions that are working hard to provide, and pay for, quality education without extensive state support. These students and families depend on federal programs to help bring these opportunities within their reach.

An Emphasis on Need

Wisely, the federal government has adopted a policy of awarding undergraduate scholarships solely on the basis of need. This policy assures that no federal aid dollars will be allocated above any student's level of need at a time when the total number of aid dollars is insufficient to meet all the needs of needy students. Until recently, the Ivy League institutions and a number of other colleges and universities explicitly agreed to follow a similar policy in their own aid programs. To stretch aid dollars as far as they would go, these institutions agreed to award aid solely on the basis of need and to work collaboratively to develop policies and procedures for the assessment of need that were as accurate, fair, and consistent as possible. Unfortunately, as a result of a recent consent decree with the Justice Department, these institutions are no longer permitted to consult on their policies and procedures for assessing need and are no longer permitted to agree that they will award aid solely on the basis of need, except in the case of athletes.

While I do not have a specific proposal to make at this time, it may well be in the national interest for the Congress to protect certain kinds of consultation and agreement on financial aid notwithstanding the antitrust statutes, especially when the objective is one of better and more fully meeting the needs of needy students. I am not referring at all to the practice of collective discussion of individual awards, but rather to a collective discussion of how best to determine need and a collective agreement that all scholarship aid, not just federal aid, will be awarded solely on the basis of need. At a later time we may wish to offer specific proposals along these lines.

Graduate Education

Finally, I want to say a word about the importance of support through the Department of Education for graduate study. As you know, many students arrive at graduate school having received support under Title IV as undergraduates, and many carry Stafford and/or Perkins loan obligations with them. In addition, many graduate students borrow under the Stafford program, which is a major source of aid for graduate study, and some receive support under Perkins or College Work Study. Other critically important programs for graduate students are authorized through Title IX. The Dean of our Graduate School, Dr. Theodore Ziolkowski, recently had an opportunity to testify before your counterpart panel in the Senate on the topic of graduate education. I will not repeat his comprehensive testimony here; however, he would be pleased to provide copies of that testimony or to meet with you at your convenience to discuss this topic in more detail if that would be helpful.

Without going into detail, I want to suggest two objectives that I believe deserve your active support: (1) encouraging excellent students to pursue advanced training in all fields -- including especially the arts, humanities, and social sciences, which generally are not supported through other federal agencies -- particularly at a time when substantial shortages in the availability of faculty are projected beginning later this decade; and (2) expanding our national commitment to opportunity at the graduate level, especially in fields where minorities and women remain underrepresented. Graduate education entails a substantial investment of time and resources (including foregone earnings), but if we are to meet future needs for faculty and for trained leaders in many other fields, we need to encourage more of our very best students, and more students from currently underrepresented groups, to make this kind of investment.

The Higher Education Act already authorizes programs that help accomplish these purposes, including the Javits, Harris, Minority Participation, and National Need programs. Each can be strengthened; each should be expanded; and each needs to be protected against ill-advised proposals that would undercut their effectiveness. (For example, these programs need to retain their separate and distinctive identities, although they could benefit from consolidated administrative oversight.) I hope you will sustain the integrity of these programs; improve the levels of support they can provide; and give them your strong endorsement. The undergraduates, the scholarly agenda, and indeed the entire society of the decades to come depend on our making an adequate and sustained commitment now to graduate education of the highest quality.

Again, I appreciate this opportunity to testify, and I hope there will be further opportunities for discussion as you pursue your critically important responsibilities.

Mr. **Payne**. Thank you very much.

I certainly appreciate the testimony that has been given, and what we will do is limit to 5 minutes to each of us to ask several questions.

First of all, I would like to ask Dr. Scott, you mentioned that the need for better student academic advising is one way to get faculty more involved.

Could you tell us how that is working and if any of the other schools are dealing with this same issue?

Mr. **Scott**. In my full text is an analysis of higher education and some of the areas for reform and the ways to contain costs and so on, just as background, I say some things about advising.

When I was a Dean at Cornell University and we were talking about advising as an issue one day, I said, "Let's take another look at the letter of appointment of new faculty members and see indeed what the expectations are for advising," and, lo and behold, our letters of appointment did not even refer to advising, although we talked about assistance for establishing labs, and, so, we changed the practice indeed to build in advising as part of the expectations about a faculty member's role.

Unfortunately, I think throughout higher education over the years, we have tended to give less importance to advising as an ally to instruction, and we need to do more.

We need to bring advising, the conversation about education, to a much higher priority and link it directly to teaching.

As a consequence of our putting a lesser priority on this in higher education, we have seen the development of a large cadre of staff members who are dedicated and provide talented services but they have been taking on the responsibilities which formerly were the province of the faculty, and I think this has been part of the cause of an increase in the staffing on the administrative side at our colleges and universities.

Mr. **Payne**. Thank you very much.

Anyone else?

[No response.]

Mr. **Payne**. All right. Let me then ask Dr. Nespoli, knowing that we have many more non-traditional students and we are finding as we indicated about 40 percent of the students today are non-traditional, what kind of programs do you have at county colleges that assist non-traditional students, like day care and things of that nature?

And, secondly, you talked about the need to have students more technically oriented and trained as we approach the year 2000 because of the 80 percent that will be women, foreign born and minorities entering the work force in the year 2000, and could you tell us a bit about the kind of technical training that some of the community colleges are doing and perhaps whether you feel that the success rate there would be greater than we have with proprietary schools, or are there any kind of correlation between the two?

Dr. **Nespoli**. Your first question concerning non-traditional students.

The average age of a community college student is about 30 years old. If you go to our campuses 7 p.m., even 10 p.m., the parking lots are full. The community colleges really have two separate, maybe more than two, but at least two separate student populations.

Yes, we have the just-out-of-high-school traditional students, but even more so, we have the non-traditional returning housewife, returning person in these tough economic times looking to retool and get better skills.

We have a wide range of programs in place to assist those students. Let us just talk about the one, day care. I think virtually every one of the 19 community colleges in New Jersey either has its own day care center, the one at Camden in particular comes to mind, Congressman, if you have seen that one. It is just new this year. Terrific facility.

Others are striving for that standard but not yet there. Make means available by reserving slots in local community facilities for day care for their students. That is just one example, but there are many others as well, recognizing the fact that these are non-traditional students with non-traditional needs.

Your second question concerns technical programs.

Economists who study this sort of thing tell us that for every engineer employed in the economy, you need roughly anywhere from six to a dozen technicians supporting that engineering team. That is the community college role. We especially need human capital, to use that phrase again, at the technician level.

Certainly, we need Ph.D. scientists who design new products, but we also need technicians to build those products, test them, repair them when they break, sell them. That is the community college role. Respiratory therapy, allied health fields, electronic technology. Many of our campuses have incredible facilities. The advanced tech center at Brookdale Community College up in Monmouth County.

Again, back to Camden with the laser photo technology facility, just incredible facilities, and that is the role, to provide a skilled work force but at the technician level. Good-paying jobs, by the way, after 2 or even less than 2 years of study. So, that is part of our message as well, getting back to the counselling thing. We have got to get that message out to the high school counselors that there are good, good-paying jobs in this economy needed by the economy that can be had after 2 years or even less than 2 years of study.

Mr. PAYNE. Thank you very much.

My 5 minutes is up. What we may do with this panel, though, if everyone adheres to the 5-minute rule, if you have another question that you cannot get in the 5 minutes, we may have a second round, so we could still accommodate all of our witnesses by doing that.

Congresswoman Roukema?

Mrs. ROUKEMA. Thank you, Mr. Chairman.

Certainly, the testimony today has been very interesting, and I find it supportive of most of my biases, do I not? Do I find that the total panel agrees with my assessment of the needs for the student loan program as well as the default rates? So, maybe we will not belabor that.

But I would like to state that I think there is an implication here, certainly from Dr. Pond's statement and the statement of Dr. Scott and the implications from Mr. Durkee, that increasing student loans is essential to the operations of your universities, is that not correct?

Have I interpreted that correctly?

Mr. POND. Our institutions are deeply committed now to the level of access which is presently possible in the society, and if that goes down, that will have very drastic effects.

Mrs. ROUKEMA. And, specifically, the element that is devoted to low and moderate-income students is not only essential for their access but essential for the educational program that you presently advance, is that not correct?

If they were to be drastically limited further, your tuition rates would soar, as I understand, for all students, those rates would soar, as I understand the information.

Mr. POND. It would be either a matter of seeking revenue, additional revenue by such a device or shrinking the size of the institution over——

Mrs. ROUKEMA. Yes.

Mr. POND. [continuing] in response to the lowered demand.

Mrs. ROUKEMA. Yes, and that you are committed to the idea of either through work study programs or through arrangements with respect to repayment, and I think Dr. Scott was the one that alluded to this, that repayment schedules are the important way to help the program, aside from the default question, but repayment schedules and adding to work study programs would be a way of assisting the program for all students as well as the university without dramatically cutting back on access to loans, is that correct, Dr. Scott?

Mr. SCOTT. Congresswoman, if I might, I think if we could substitute in your first question and first sentence even the term "student aid" for the term "loan" and to say——

Mrs. ROUKEMA. Student aid.

Mr. SCOTT. Right, and to say that are we supportive of increasing student aid in the Federal programs, I think the answer is unanimous, yes.

If we are not——

Mrs. ROUKEMA. You are not supportive of student aid?

Mr. SCOTT. No. It means that we are indeed very much supportive of it, but if we were to talk about the loan programs without regard to the grant programs and the entire package of student programs and just say do we want to increase reliance on loans, then I think we might have some questions because already many of our students are graduating with significant debt. I think that significant debt affects career decisions.

Mrs. ROUKEMA. Well, now we are getting into an area I did not really want to get into. But let me just say, and you can respond if you want to, but let me just make a categorical statement, that I know in Nirvana, we would like to be able to give access to all students and free tuition essentially, a grant program that is free tuition, but that is not going to happen, and, so, given our budget crunch for the foreseeable future, how do we extend access to the greatest number of students?

I think that comes through expanding the loan program and maybe extending the repayment schedule——

Mr. SCOTT. Exactly.

Mrs. ROUKEMA. [continuing] and I would like, Dr. Scott, if you or any of our panelists, not here, but would submit to us in writing some of your recommendations for that because I think that may be one of the most innovative ways that we can go about expanding the loan program or expanding student aid by paying more attention to the loan repayment schedule to lift the burden a bit.

Now, this I do not mean as provocative, but we do have to answer to some of the powers that be in Washington, and, so, therefore, I am going to ask it just for purposes of elucidation. You can take the question any place you want.

There is a perception among some people in Washington, and maybe among others as well, that loans and grants are feeding tuition inflation, and, therefore, if you cut back on access to loans, etc., and grants, then you are going to force economies on the institutions and reduce tuition.

Now, I have to answer to those doubting Thomases. How would you respond in any particular order? Maybe we will begin with Dr. Pond. I hope it does not go over my 5-minute period.

Mr. PAYNE. You are already over it.

Mrs. ROUKEMA. I am already over it. All right. Well, they talk too long.

Mr. POND. First of all, if you examine the cost components that go into higher education and their behavior over recent years, there are a number of very genuine effects which are driving the costs of higher education up more rapidly than the general inflation in the economy.

Increasing costs of instruction, increasing costs of research and the equipment for both, the staffs that are necessary to maintain the now universal requirement, for example, for computers, the business has simply become more expensive.

There is another factor that rides in there which accounts for a significant part of the trend's inflationary increase in our costs, and that is that we are recovering, we are now happily, I think, well through a recovery of a period when the salaries, academic salaries, were very depressed in U.S. higher education institutions. Through most of the seventies, it did not keep pace with the rest of the economy and that has had to be redressed in order to retain able people in the academy.

Those are real effects, and I, of course, believe that we have behaved quite responsibly. I appreciate that you hear it is an inevitable association since tuition has increased at greater than inflationary rate for every one of the last 10 years.

I think we have the products in terms of quality faculty and quality environment for study and inquiry on our campuses in vastly more sophisticated demanding ways at the end of that 10-year period than we did at the beginning.

I defend it.

Mrs. ROUKEMA. Dr. Scott?

Mr. SCOTT. As I state in my testimony, there are actually two influences, two major influences, that I would offer.

One is that for the public institutions of New Jersey, the executive branch negotiates with our unions for increases in salaries and benefits. For this fiscal year 1991, the value of those increases was approximately $50 million.

The State provided not one cent to pay that bill, and I submit to you that among our revenue sources, besides the State appropriation, is tuition.

In addition, public higher education in New Jersey represents almost a $2 billion capital investment in facilities and major equipment. In this year's operating budget for the State of New Jersey, there is not a single dollar allocated to capital repair and renovation. There was not a single dollar appropriated last year in fiscal 1990, and in fact over the past 12 years, the average amount appropriated is approximately $10 million.

I submit if the money is not in the State appropriation, we have limited sources of revenue, and, once again, we turn to tuition. Even with those two major obligations, tuition increases in New Jersey, I would submit, in support of what Dr. Pond said, have been certainly responsible and in order to provide the quality that our students and citizens expect.

Mr. **Durkee**. I would like to add to this question, too, if I might.

Fundamentally, you have two questions. What kinds of institutions do you want, and who do you want to attend them? And if you were to, let us assume the worst, let us assume the elimination of all Federal grant and loan programs, then an institution is either faced with the choice of substantially reducing the quality of its programs because it does not have the money to pay for the programs, or admitting to those programs students who can afford what it costs to provide a quality program, but leaving out of that mix a whole range of students who either totally cannot afford it or marginally cannot afford it, and what the programs do is give you the opportunity both to provide quality education and access to the full range of people.

On our campus, for example, we are a high-tuition institution. We are because we provide a very expensive but very high-quality educational program.

As I said in my testimony, we provide a scholarship budget of $17.5 million, only $1.5 million of that comes from the Federal Government. But $1.5 million is a lot of money, and it means a lot of students are able to participate at our programs who otherwise would not, and, yet, the burden, the principal burden, and this is not just true for Princeton, you will hear from Jack Noonan in the next panel, the burden on private institutions in recent years has been substantially to increase the investment of their own dollars in financial aid programs so that they can meet the full need of these students.

In fact, what has happened in recent years is just the opposite of your hypothesis, that by Federal dollars failing to keep pace with the cost of quality, institutions have had to make more and more compromises in programs so that they can continue to meet the financial needs of a diversity of students.

Mrs. **Roukema**. Dr. Nespoli, do you——

Mr. **Nespoli**. Community colleges welcome questions of cost effectiveness. Just by quick example, our costs per full-time equivalent student last year was just under $4,500 per student. The recently-enacted Quality Education Act, QEA, sets a foundation level of about $9,000 per high school student.

So, we feel pretty comfortable when we get questions about cost effectiveness.

Mrs. ROUKEMA. Thank you, Mr. Chairman. I thank you for extending the time. This has been very helpful, and I invite any of the panelists to forward in writing anything additional to the committee.

Mr. PAYNE. All right. Thank you. I agree with you, especially since Congressman Andrews yielded his time since he was so much in favor of it, but——

Mr. ANDREWS. That was nice of me, was it not? See, they get a little seniority, see what happens.

Mr. PAYNE. Go ahead, Congressman Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman.

I want to thank Mrs. Roukema for raising that last question.

Sometimes that is sort of lurking out there and no one asks it and it should be asked, and I think what was most compelling from what we heard from the witnesses was that the empirical evidence proves exactly the opposite point of that allegation that is sometimes made in Washington; that somehow the great availability of financial aid is artificially raising the price of tuition.

Exactly the opposite has happened. The price of tuition has gone through the ceiling far in advance of the costs of inflation, but the aid has gone down, and I think the real argument is that when you cut aid, the result is sometimes higher tuition because resources are not there from other sources.

The panel provided some very insightful and interesting testimony, and I feel sort of a connection to each person here. Dr. Pond from Rutgers, I have had a chance to serve as an adjunct teacher at the Law School in Camden. Dr. Scott and I are both graduates of the finest university in America, Bucknell University. Dr. Nespoli from the community colleges, I have had a chance to work very closely with the three community colleges in my district, and this is probably a good time to remind Mr. Durkee that in 1975, Princeton rejected my application to be a student. You may want to reconsider that.

I want to go to Dr. Scott's comment about the way that financial aid decisions are related. The example he uses is if the Federal Government does not invest in capital facilities, it has a ripple effect which makes it more expensive at other levels, and I specifically want to talk about the impact of State budget strictures on student needs and Federal financial aid, and I would want to ask Dr. Pond and Dr. Nespoli particularly if they could detail for us what impact the cutbacks in State assistance to Rutgers on one hand, the community colleges on the other, is going to have on the financial aid programs and the demand from New Jersey students.

We will begin with Dr. Pond.

Mr. POND. President Scott has already outlined for you the major impact that the State's austerities over the last two budget cycles have taken. It has been a necessity in both those years to enormously reduce our salary payments, in effect, by non-payment of salary increases and then by absolute reductions in the State appropriation to us.

That has had the effect of lowering the quality of our instruction program inevitably. We have had to decrease our investments in part-time faculty of the sort that you have previously served us as. We have had to reduce the levels of support that the faculty has in its teaching activities.

We have had to reduce all of our services. We have had also to increase, since we have increased our tuition in the last 2 years at trends inflationary rate, 10.9 percent last year and we are heading up now, we think, probably to a 9 percent increase next year, we have had to take a portion of our already-reduced income and set it aside to increase the availability of institutional support to meet needs of returning students who are not going to get any more Federal assistance in a typical case but who may be excluded in effect by——

Mr. Andrews. So, the impact has been that not necessarily cutback on financial aid but you have had to put more dollars into it?

Mr. Pond. Increase it, yes.

Mr. Andrews. Right, which then takes away from the quality of the program in other areas.

Mr. Pond. It is a rather negative sum gain, and obviously not one that can go on for very long.

Mr. Andrews. It is an 8 percent cut this year, but I understand it really has the impact of a 20 to 25 percent cut when you factor in——

Mr. Pond. Well, the 8 percent cut in the State appropriation this year comes—which is being legislated one way or the other, we hope this week——

Mr. Andrews. Right.

Mr. Pond. [continuing] it comes on the heels of additional effective or actual reductions in our appropriation which are over 20 percent.

So, we are pushing towards a 30 percent reduction——

Mr. Andrews. And you have to take——

Mr. Pond. [continuing] in 2 years.

Mr. Andrews. [continuing] the dollars that would go to other things and put them into more financial aid because of the tuition increases?

Mr. Pond. We have partially mitigated that nearly 30 percent cut in appropriation by an increase in tuition. That is going to recover something of the order of 10 percent of the cut. It does not nearly retire the debt, and within the reconstructed budget, we have to provide additional student aid.

Mr. Andrews. Now, Dr. Nespoli, I understand that New Jersey has had a statute for a long time which says that community colleges are supposed to receive upwards of 43 percent of their funding from the State. It has never been attained, I think, ever.

What is the average level now for a community college of State subsidy? What percentage of the average budget?

Mr. Nespoli. It is below 20 percent, Congressman.

Mr. Andrews. And what has the impact of that been on tuition and the need for financial aid at your level?

Mr. Nespoli. Tuition at New Jersey's community colleges is, the last time we looked at it nationally, is the third highest in the country. It is too high, frankly, and we are doing our best to keep it affordable, but we have community colleges now that are pushing close to the $50 to $55 per credit hour limit.

That may not seem like a lot to most of the people in this room, but I can assure you to a person who is supporting a family of three and working and trying to improve her own skills, it is a lot.

Mr. **Andrews**. Thank you very much.

Mr. **Scott**. Mr. Chairman, may I respond?

Mr. **Andrews**. Dr. Scott can always speak.

Mr. **Scott**. I would point out Dr. Nespoli is also a Bucknell graduate.

Mr. **Andrews**. Is that right? Well, see, Mr. Durkee.

Mr. **Scott**. In the introduction to your question, you referred to my statement about tuition and debt service, and if I might, I would like to reinforce that point.

As we think about the facilities program in the higher education legislation, there is an opportunity for one-time investments in facilities, whether in reconstruction or renovation or new construction, to have a lasting impact in lessening the demand on student aid because to the extent that tuition is used to pay debt service on facilities, there will be that upward trend.

So, there is an opportunity within the facilities part of the program to have another impact on the need for student aid.

Mr. **Andrews**. You can make that dollar go a lot farther by making a one-time investment.

Thank you very much.

Mr. **Payne**. Thank you.

We will, if you have another quick question, you can still ask.

Let me just ask Dr. Scott and perhaps Dr. Pond. You mentioned, Dr. Scott, in your testimony the various businesses that have helped Ramapo and I think Rutgers, also, might have mentioned a sponsor in accelerated academic science programs. I just wonder if, Dr. Pond and Dr. Scott, you could just briefly comment on that?

Mr. **Scott**. Well, the program to which I refer in my testimony is the joint program between Rutgers and Ramapo to help young students in the sciences. Not just young students, students in the sciences—with corporate support during the summer of the junior year—work with a research team in New Brunswick at Rutgers, then, during the senior year at Ramapo, the students have joint guidance and all of that can lead to an acceleration for students to attain a graduate degree in science.

The idea is that we are interested in attracting more students into the sciences. Rutgers is interested in attracting more students into the sciences, and the many corporations, science-based industries in New Jersey are interested in the early identification of students in science.

So, it is an example of a small program, an example of how two institutions and three corporations can make a difference.

Mr. **Payne**. Very good.

Mr. **Pond**. We have in the capital campaign that I mentioned that closed last year, a $166 million, an enormous fraction of that was in fact contributed by corporations, mainly many of the New Jersey corporations, in quite direct support of very important ongoing university programs in the academic departments as well as the scholarship aid, which was very largely from corporations that I mentioned earlier.

That is one extremely appreciated and growing sort of support from the corporate community. I do not think that in our wildest expectations, though, we can ever hope for stable support of a significant fraction of our basic program from that sort.

The other great success that we have had has come in consequence of the New Jersey Commission on Science and Technology's very carefully-orchestrated efforts to increase the interactions at the research level between New Jersey corporations and New Jersey academic institutions on a mutual-benefit basis. And there we have built extremely exciting connections which, at the second order, indirectly offer great opportunities to our students, undergraduate as well as graduate, that constitutes a new mission. You are undertaking new activities in the interests of the economic development of the State which are importantly related to our traditional academic activities but do not pay the bills in that part of the woods.

Mr. PAYNE. Thank you very much.

Congresswoman Roukema, do you have any final comment or question?

Mrs. ROUKEMA. No. I think I have used my time. I just want to acknowledge the fact that I have extended the opportunity for this panel to make any suggestions with respect to the repayment schedule, and I do thank you for your support on the default legislation.

Thank you.

Mr. PAYNE. Congressman Andrews?

Mr. ANDREWS. Thank you very much to all the witnesses.

Mr. PAYNE. I would just like to say that, it is very clear when you mentioned, Mr. Durkee, that 22 percent of aid came from the Federal Government 10 years ago, 5 years ago it was down to 11 percent, and now it is down to 8.5 percent, whereas we have seen in the last 10 years just the reverse when it comes to, for example, defense under the administrations of $3.5 trillion that has been spent over 10 years.

So, we have got to, and we will not be able to do it with the reauthorization, but we really have got to take a serious look at our national priorities. We are just starting to develop the new F-22 at the cost of $65 billion for 600 Stealth fighters to be ready in the year 2003, and we have got the greatest technology now.

So, these are some of the hard questions that Americans are going to have to answer as we move down the line, but I would like to thank all of you very much for this excellent panel.

Thank you.

Mr. NESPOLI. Thank you very much.

Mr. POND. Thank you very much.

Mr. PAYNE. Would the members of the second panel please come forward?

[Pause.]

Mr. PAYNE. Let me welcome this panel here, and we will start with our Gloucester County Freeholder. As a former freeholder and freeholder director in Essex County in the seventies and a former freeholder and freeholder director also from Camden County, we certainly welcome you. I do not know. Were you ever a freeholder?

Mrs. ROUKEMA. No. Unfortunately, I never had the benefit of being a freeholder.

Mr. PAYNE. Oh, okay. She skipped that unimportant——

Mrs. ROUKEMA. No, no. I am more of a loser on that.

Mr. PAYNE. But it is really good, though, to have you here, and we will start with your testimony.

STATEMENT OF MARGARET M. SMITH, GLOUCESTER COUNTY FREEHOLDER, WOODBURY, NEW JERSEY

Ms. SMITH. Okay. Good morning, Chairman Payne, Congresswoman Roukema and Congressman Andrews.

My name is Maggie Smith, and I am the Freeholder in Gloucester County, a fine part of the State that I am glad to see we are partially represented by this morning.

I am very pleased to be addressing the Subcommittee on Postsecondary Education as you prepare for the Reauthorization of the Higher Education Act.

Congressman Andrews specifically asked me to come speak to you as a county-elected official, a State college trustee, and the parent of two young children. That is probably what I consider my most important role.

The concerns that I have regarding the reauthorization combine all three roles, and since I represent a primarily middle-class area, the costs involved with higher education comes to mind first of all.

A little bit of a lighthearted aside, there is a t-shirt that I saw very recently that said on it in essence, "What if the education had all the money that it needed and the Pentagon had to hold a bake sale?" and I think that may speak a little bit about what we are talking about here today and in the months to come about the Reauthorization of the Higher Education Act.

While not forgetting about lower-income high-achieving students, we also must not shut out the middle-class family which now is borrowing against home equity loans, home equity and their pension plans to finance higher education.

The need for tax incentives for middle-income families is one area that I really would like to see this committee address and address in complete form when the reauthorization goes through.

This reauthorization is a statement of the government of the United States as to the importance of higher education and its role in our society. We all see the need for expansion of educational opportunities, increased accessibility, and, more importantly, the completion of a course of study.

Access, which we all want to discuss and we all talk about as a buzz word, means not only providing the information about colleges and careers, about what direction to take, about educational opportunities, but it also is a means to get to college or higher educational institutions, stay there and graduate.

We do no great service to just getting a student into the institution of higher learning and then having him or her leave to flounder in society. To leave school with large debts and with no means to repay the ever-escalating costs of postsecondary education defeats the initial goals of increased access to higher education.

The students and their families need proper preparation to make informed decisions about these important postsecondary opportunities available to them throughout our country. To have a student limit his or her dreams or goals because of a lack of information does not speak well of a prosperous Nation that purports to put educational opportunities and open educational opportunities to all of its students.

We in New Jersey have a very fine system of public and private higher education. However, it cannot meet the needs of all of our students at this time. The public colleges and our public universities are limited by very severe budget constraints. These State colleges have traditionally been the colleges for first generation middle and working class families. However, tuition and ancillary fees are pricing these institutions out of the range for many of these same families.

Additionally, the students who once attended private colleges and universities out of the State as well as in are now flocking to our State institutions. To meet the needs of our ever-increasing population, we stretched our State college system to a point of constantly reacting to funding cuts, which detract from their main purpose of educating.

Colleges have become involved in the chase for new funding sources similar to what we call a rateables chase for our communities who need to attract a greater expanded tax base. They are sometimes competing with each other for the same philanthropic and corporate dollar. These are areas of need that all State institutions have and one that I would like you to address further in your own studies and your own hearings that you have throughout the country.

We need a stable, consistent funding base which would include a combination of State and Federal funds, thus giving our State institutions the ability to sustain their academic freedom. We need your commitment to provide a consistent policy, and this will allow for the college presidents, administration, faculty and trustees to strive for the excellence which is their primary objective at recruiting and graduating bright, qualified, hopeful students from the ages of 18 to 75 and over who will then make this State a better place to live and work for all of us into the successive generations.

Thank you.

[The prepared statement of Margaret M. Smith follows:]

COMMITTEE ON EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

TESTIMONY

FROM

MARGARET M. SMITH, FREEHOLDER

COUNTY OF GLOUCESTER

BOARD OF CHOSEN FREEHOLDERS

STATE OF NEW JERSEY

JUNE 21, 1991

I am pleased to be addressing the House Sub-committee on Postsecondary Education, as you prepare for the reauthorization of the Higher Education Act. Congressman Andrews asked me to speak as a county elected official, state college trustee and parent of two young children.

The concerns I have regarding the reauthorization combine all three roles - and since I represent a primarily middle class area - the cost involved with higher education comes to mind first.

While not forgetting lower income/high achieving students, we also must not shut out the middle class family which now is borrowing against home equity and pension plans to finance education.

Title IV reauthorization is the statement of the government of the United States as to the importance of higher education.

We all see the need for expansion of educational opportunities, increased accessibility, and most importantly - the completion of a course of study.

Access means not only providing the information about colleges and careers, but the means to get to college, stay there and graduate. We do no great service just getting a student into an institution of higher learning and then leaving him or her to flounder. To leave school with large debts and with no means to repay the escalating cost of postsecondary education defeats the initial goals of increased access to higher education. The students and their families need proper preparation to make informed decisions about post secondary opportunities available to them across the country.

BEST COPY AVAILABLE

To have a student limit his or her dreams or goals because of a lack of information does not speak well of a prosperous nation that purports to open educational opportunities to all its citizens.

In New Jersey we have a fine system of public and private higher education. However, it cannot meet the needs of all our students. The public colleges and our public universities are limited by severe budget constraints.

These state colleges have traditionally been the colleges for first generation middle and working class attendees. However, tuition and ancillary fees are pricing these institutions out of range for many families. Subsequently, such students which once attended private colleges and universities out of state are, now flocking to our state institutions. To meet the needs of our ever increasing student population, we have stretched our state college system to a point of constantly reacting to funding cuts, which detract from their main purpose of educating. Colleges have become involved in the chase for new funding sources, sometimes competing with each other for the same philanthropic and corporate dollar.

We need a stable, consistent, funding base, which would include a combination of federal and state funds; thus, giving our state institutions the ability to sustain academic freedoms. This will allow for college presidents, administration, faculty and trustees to strive for excellence with their primary objective of recruiting and graduationing bright, qualified, hopeful students from 18 to 75+ who will then make this state a better place to work and live in.

Mr. PAYNE. Very good. Thank you very much.

We will now hear from Dr. Noonan, the President of Bloomfield College. With him is Matthew Stephens, a student from Bloomfield College, who lives in my district in East Orange, New Jersey. Glad to have you here.

STATEMENT OF JOHN F. NOONAN, PRESIDENT, BLOOMFIELD COLLEGE, BLOOMFIELD, NEW JERSEY

Mr. NOONAN. Thank you, Mr. Chairman.

Matt and I are delighted to be here, in the first place, because we have a very clear sense that we are speaking not only to a sympathetic audience but to an audience that is quite ardent in our behalf, and that is something awfully good to acknowledge.

I am speaking also as the President of one of New Jersey's 16 independent colleges, although I think everything I have to say is also true of State colleges and universities. I feel much as President Scott does towards the whole system.

You may know, it is in my written testimony, almost none of which I will repeat here, that we enroll in the 16 independent colleges about 20 percent of the students in New Jersey, and we account for about 30 percent of the bachelor's degrees and about 40 percent of the master's degrees and about 50 percent of the doctoral degrees. So, as in other States, it is a very substantial portion of the total population, and about nearly a quarter of our students are members of minority groups, something that is increasingly the case in independent colleges around the country.

Bloomfield College, as you may know, is even more like that. About half of our students are black or Hispanic, most of them come from North East Orange and Irvington and other urban centers, and Bloomfield, like all other institutions really, I think, has done a splendid job of containing costs.

Our tuition is about $7,000 a year. One of the unacknowledged sources of support to students these days is really in the salaries that faculty gain at institutions like ours. Our highest-paid faculty, member, full professor, has been there 25 years, earns about $45,000 a year, and we begin men and women with Ph.D.s in the high twenties.

So, like many, many institutions that do not appear in the headlines, the issue of controlling costs is really something that we are awfully good at as are many of my other colleagues who are conspicuous by their absence from the headlines.

What I want to do as a way of voicing a kind of prologue to the statement Matt wants to make is tell you that what I find as a college president, what I find myself doing increasingly is trying to find ways to fill the gap between what the State and Federal sources of support are and what the costs are to students. Increasingly, I have not seen much written about this. Increasingly, I find myself talking to individuals, to men and women, to whom I must go to find the $600 or $800 or $1,200, not the tens of thousands of dollars, sometimes $150, that makes the difference between being able to persist in college or dropping out.

Yesterday, for example, I had lunch with an 87-year-old woman who is no longer able to travel, though I suspect she can, and I went to her on behalf of a student whose persistence at my institution hangs on a bough of $1,500. She wrote me that check for $1,500.

Earlier, two students' persistence hung on boughs of $5 to $700, two people, both women, who clean other people's homes, who make about $12 or $13,000 a year themselves, wrote me checks.

What I want to say is that the challenge all of us face is to motivate the Congress and the public in the same way those three individuals are motivated, to cherish and believe deeply in the power of education as much as they have. I think they set a very, very high standard.

As a way of making concrete that abstraction, what I would like to do is to invite Matthew Stephens, a junior at Bloomfield College, to speak to you about what his education means to him.

[The prepared statement of John F. Noonan follows:]

STATEMENT

OF

JOHN F. NOONAN, PRESIDENT
OF BLOOMFIELD COLLEGE

ON BEHALF OF

THE ASSOCIATION OF INDEPENDENT
COLLEGES AND UNIVERSITIES IN NEW JERSEY

ON THE
REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 21, 1991

Good morning Mr. Chairman and members of the subcommittee. I am pleased to be able to come before you today to offer testimony related to the reauthorization of the Higher Education Act of 1965. As President of Bloomfield College, I am speaking on behalf of AICUNJ and its 16 member institutions that are as diverse as our State and nation itself. They include traditional liberal arts colleges, a major research university, comprehensive colleges, religiously affiliated colleges, women's colleges, and schools of law, health sciences, engineering, business, music and other professions.

The extraordinary diversity in the independent sector of higher education offers students a critical choice in terms of the size, governance, location, academic program, and mission of the institution that will help shape their higher education experience. Students are well served in the independent sector. Independent colleges and universities in New Jersey enroll 18 percent of the state's students, yet they award 30 percent of all baccalaureate degrees, 40 percent of all master's degrees, 53 percent of all doctoral degrees, and 69 percent of all first professional degrees in areas such as law and engineering.

The average tuition cost of an independent institution in New Jersey in 1990-91 is $9,545. Nationally, three times as many independent institutions have tuition and fees of less than $6,000 than have tuitions and fees of more than $12,000.

Our institutions have demonstrated an overwhelming commitment in the form of financial aid from their own resources to ensure that students from all walks of life have the opportunity to choose the institution that best suits their needs and aspirations. Federal student aid does not help students attending independent colleges and universities as much as it did ten years ago. Neither appropriations for the student aid programs nor award amounts kept pace with inflation in the 1980's. The maximum Pell Grant for the neediest students, for example, was scheduled in the 1986 reauthorization to rise to $3,100 in 1991-92. Yet appropriations for FY 1991 increased the maximum Pell award to $2,400, just $300 above the 1986 maximum of $2,100. In the face of declining federal grant support, independent colleges and universities have increasingly turned to institutionally funded financial aid.

Adjusted for inflation (in constant 1987-88 dollars), federal grant assistance to undergraduates at independent institutions grew from $1.184 billion to $3.421 billion between 1970-71 and 1975-76. This aid then began to decline dramatically through 1987-88 when it reached $1.101 billion -- less than the amount awarded in 1970-71. Our colleges and universities, on the other hand have been steadily increasing the amount of student financial assistance they offered from their own institutional resources in the form of grants. In 1983-84, they surpassed the federal government in the total dollar amount of grants awarded to undergraduates. By 1988-89, independent colleges and universities were awarding 279 percent more grant assistance to undergraduates than the federal government was providing to students in independent higher education. In New Jersey, the institutional aid has increased from a $24M in 1987-88 to over $64M in 1990-91.

In the past ten years, independent institutions nationally have increased their commitment of institutional funds to student aid by an average of almost 25 percent a year, to a level now well in excess of $3 billion annually. On individual campuses, the growth in institutional aid can be quite dramatic.

At New Jersey's independent colleges, for example, the institutional funds for grants to needy students has increased from just over $1,000,000 in 1976 to $64,100,000 in 1990 -- an increase of more than 600 percent. Over the same period, Pell Grant funds grew from approximately $4,830,000 in 1976 to a high of $16,000,000 in 1980, and steadily declined to a level of $9,660,000 in 1990. This represents an overall percentage increase of just over 50 percent over the same fourteen-year period.

This funding comes at a high price: if taken from the operational budget, it decreases the funds available for science labs, for the library, and for academic programs; it contributes to increases in tuitions; it strains the very capacity of our institutions to operate, and it drains endowments that, for the vast majority of our members, are extremely limited. (see attached chart)

Much of the financial aid generated from our institutional resources has gone to help students who come from working families of moderate income, many of whom can no longer count on any federal support -- either from grants or loans. For others who may qualify for some federal aid, the amount of grant or loan eligibility is not enough to make a real difference in their ability to meet college costs.

These are the folks who thought their government would be a partner in helping to educate their children. These are your constituents. These are the students and families that I want to talk to you about today. Several issues are important to middle-income families regarding their ablity to finance a college education -- expanding the eligibility for federal grant aid, addressing their need to pay direct educational costs, improving the balance between grants and loans, and modifying the treatment of home and farm assets in the calculation of financial need.

First, I hesitate to use the term "middle income" in describing these families without offering a further definition of terms. Middle income is often used as a relative term; what one person thinks of as middle income, another might define as "working class" or "lower income."

In an attempt to come up with a working definition of middle income, the National Association of Independent Colleges and Universities (NAICU) has looked back to the objectives of the Middle-Income Student Assistant Act (MISAA) which the Congress passed in 1978. When Congress adopted the legislation, $25,000 was specifically cited as the family income at which a student should receive at least a minimum Pell Grant. Using a $25,000 income in 1978 dollars as the basis, a family with an income of $49,615 should be served by the federal aid programs in 1990.

Families at this income level should be helped, but they are not. Under the current Pell Grant program, eligibility is effectively limited to students with family incomes below $35,000 -- and students with incomes much above $28,000 generally receive only a minimum grant of $200. Just five percent of the Pell Grant recipients in the academic year 1988-89 (the last year for which recipient data are available) came from families with income of more than $30,000.

We can look at our definition of middle income another way to illustrate further the ineffectiveness of the Pell Grant program in serving a broad range of dependent students who need help in paying for college.

NAICU also looked at data from the Census Bureau's 1989 Current Population Survey for married couples with the head of household between forty-five and fifty-four — a likely age range for parents of students between eighteen and twenty-two. We then evenly divided the families into five groups according to income levels. Roughly speaking, one could describe the groups as representing lower - (less than $29,450), lower-middle (between $29,450 and $43,879), middle --(Between $43,880 and $58,662), upper-middle - (between 58,663 and $79,632), and upper-income (more than $79,633) families. Surprisingly, the vast majority of students from lower-middle-income families (not to mention middle-income families) have almost no chance of receiving a Pell Grant.

There are several reasons why the current student aid programs, and the Pell Grant program in particular, no longer serve students from America's middle-income families.

First, the maximum Pell Grant award has not kept pace with the rate of inflation, due largely to the extraordinary increase in the number of grant recipients enrolled in short-term programs in vocational schools. The number of Pell Grant recipients in the proprietary sector increased by 172 percent between 1980 and 1989, while the number of recipients in the collegiate sector rose only by 10 percent, from 2.4 million to 2.7 million.

Second, the congressionally mandated need-analysis formula enacted in 1986 rendered the children of many middle-income families ineligible for federal assistance. In contrast, other changes to the congressional methodology have made it much easier for independent students who are married and do not have children to qualify for federal assistance.

Third, the current independent student definition can be exploited, and it is. Families who want to avoid responsibility can have their children establish what our aid administrators call "independent of convenience" for the purpose of gaining eligibility for federal assistance.

Fourth, the shear numbers of older and legitimately independent students seeking federal student aid have increased dramatically. The number of Pell Grant recipients who are twenty-four or older has tripled, from 588,000 to 1.5 million, in the last ten years. These students are more likely to have low incomes (since parental income is not counted for independent students) and qualify for maximum awards. Thus, it is not surprising that more than 60 percent of current Pell Grant dollars now go to students classified as independent.

These changes have shifted grant funds to independent students, effectively rationing the level of grant aid that is available to dependent students of traditional college age from middle-income families. Needy students are essentially competing with each other for limited funds.

We are also concerned about declining congressional support for the federal campus-based student aid programs. Historically, Supplemental Educational Opportunity Grants (SEOG), Perkins Loans, and College Work-Study (CWS) awards have been critical in meeting the needs of dependent students in collegiate programs. These programs have not fared well in the past decade.

Between 1981 and 1991, funding for the SEOG program declined by 11.9 percent, funds for CWS dropped by 32.3 percent, and Perkins Loan appropriations plunged by 67.5 percent (in constant dollars). Funding for the State Student Incentive Grants (SSIG) program also decreased by 48.1 percent over the same period.

The lack of funding support for these programs has compounded the problems of middle-income students who were edged out of the Pell Grant program in the 1980's.

Perhaps most importantly, the children of middle-income families who want to go to college -- especially to an independent college or university -- must have broader access to subsidized loans. I realize that you will probably hear a good deal about the growing imbalance between grants and loans. This is something about which you all have expressed concern. It is a subject that deserves focused and lengthy consideration by the committee.

We share your concern. We are alarmed at the extent to which loans have replaced grants as the primary source of federal student aid, especially for very low-income, at-risk students. We strongly support an increased emphasis on grant funding as a major priority in reauthorization.

At the same time, we simply must recognize that students from middle-income families need subsidized loan programs to finance the costs of higher education over the long term. These students have been virtually disenfranchised from federal grant programs. Furthermore, many no longer qualify for Stafford Loans on the basis of congressionally mandated need tests.

Unless we want to promote a system that limits opportunities and choices for students who happen to be born into moderate-income families, we must keep the door open to loan capital to students and families that are willing and able to borrow -- and pay back their loans. The national default rate for students at independent colleges and universities is less than 6 percent. In New Jersey the default rate at independent colleges is 4.8 percent. Our students graduate at higher rates than their counterparts at public institutions, and they leave our colleges with substantially increased future earning power.

While we urge you to consider expanded borrowing opportunities for middle-income students and their parents, we are keenly award of the level of debt that many of these students will incur over several years of successive borrowing.

Some of the debt burden I am describing could be alleviated by extending grant eligibility higher up the family income scale to reach students from moderate-income families. For students who have to borrow, debt could also be better managed by a more expansive system of loan payback mechanisms. We are very concerned that the relatively limited repayment options now in palce have the effect of encouraging default. Further, limited payback options clearly discourage our graduates from pursuing careers in public service.

I have offered a number of general comments and concerns today about the nature and extent to which current federal student aid policy falls choert of the needs of our middle-income and working families. Now I would like to present five specific examples that illustrate the points I have tried to make.

We worked with four of our institutions — Bloomfield College in Bloomfield, Rider College in Lawrenceville, Fairleigh Dickinson University in Madison, Teaneck and Rutherford, and Seton Hall University in South Orange to identify students from their colleges that represented common situations and problems faced by families with similar economic circumstances.

Each of these students and their families has faced different financial obstacles so they have struggled to put together the needed resources so that their children can attend college and complete a higher education. We have changed their names in the following illustrations to protect their confidentiality.

Mary

Mary entered Bloomfield College as a full-time freshman in fall 1990 living in campus housing. Mary comes from a family of seven with children ranging in age from 3 - 19 years old. Both her parents work earning a combined income of $70,902. The family does not own a home. The cost of education at Bloomfield was $12,750. The expected parent contribution was $8,555 and Mary's contribution was $700. This results in remaining need of $3,495. The aid package for Mary included a $700 state grant and institutional grants of $2,750. In order to help pay the actual bill of $10,620, Mary's parents borrowed a $4,000 PLUS loan. We can anticipate they will continue to borrow from the loan program for the next three or four years. The result could be parental debt of $12,000-$15,000. Please remember there are four more children to send to college.

Kelly

Kelly is typical of Bloomfield's Evening students. She spent five years (10 semesters and two summer sessions) at Bloomfield as a full-time student studying Business Management. She is a single parent with a 12 year old child. In 1989 her income was $18,319. For the 1990-91 academic year her cost of education (for 12 months) was $20,400, and her expected contribution from earnings was $301. Her financial aid package included a Pell grant of $1,720, a state grant of $1,100, and an institutional grant of $1,300 for a total of $4,120. Because this was not enough to pay her tuition bill for the year, Kelly borrowed a Stafford Loan in the amount of $4,000. This brings her total aid package to $8,120 with remaining unmet need of $11,979.

Kelly graduated from Bloomfield College this year with $19,750 in loan debt. In addition, she plans to attend Law School in the fall and will have to go further into debt to subsidize her Law degree.

Rich

Rich is a prospective student at Rider College in Lawrenceville. His parents are divorced and he lives with his mother, and two other siblings in Browns Mills, New Jersey. Rich has no income because there are no jobs available in walking distance from his home in Browns

Mills. Rich's mother earns $17,675.00 and receives child support for the children in the amount of $9,600.00 giving the family a total income of $27,275. Rich's mother attends college half-time and she also owns a home worth $65,000.00, with a mortgage of $44,500.

Under the Congressional Methodology system of need analysis, the parent is expected to contribute $733.00 toward her son's educational expenses. Rich is expected to contribute a minumum of $900. Thus the total family contribution toward Ben's educational expenses is $1,433.

The total cost to attend Rider is $17,435. This includes $10,900.00 for tuition, $4,660.00 for room and board, $285.00 for mandatory fees, $600.00 for books, and $900.00 for transportation and personal expenses.

The family's expected contribution is subtracted from the total costs, yielding a calculated financial need of $16,002.

The College cannot meet all of Ben's financial calculated need, but has provided a total financial aid package fo $14,425. Rich was awarded a Pell Grant of $1,750.00, a New Jersey Tuition Aid Grant of $3,900.00, a Rider College Grant of $3,150.00, a $1,500.00 Perkins Loan, $2,625.00 Stafford Loan, and $1,500.00 College Work Study. If Rich's situation remains similar then he will graduate with over $16,000 in loans.

Sam

The Wilson family serves as a good example to demonstrate the difficulties families are experiencing in meeting college costs. Sam is a third year college student at Fairleigh Dickinson University. He lives in a family of four (4) (Mother, Father and Brother). The Wilson's adjusted gross income for 1990 was $47,261 in addition to Sam's part time job of $8,330. Their home is valued at $95,000 with an outstanding mortgage of $67,000. The family's savings is a mere $300 and Sam's father's employer has begun to talk about layoffs and plant shrinkage.

Sam and his parents are in deep distress about meeting 1991-92 college expenses. Total educational cost is $18,040 with an expected family contribution of $10,885. Sam's aid package includes institutional aid of $4,430, a Stafford Loan of $2,725 and a PLUS loan of $4,000. The family is still short $5,045 in direct educational expense.

The Wilsons have applied for a personal loan of $5,000 but the bank will only grant $2,000 based on the family's ability to repay (Note the Wilson's have outstanding supplemental loans for Sam's Freshman and Sophomore years with an outstanding balance of $6,750).

What can Sam and his family do at this point? Here are some options, but none are really as sound as permitting Sam to complete his education:

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- Withdraw from school and find full time employment and attempt to save enough funds to complete college.

- Transfer to a less expensive school. This may not truly solve the problem because Sam will lose credits if he transfers and also he will be eligible for less aid and as a consequence would have the same if not more out of pocket expenses.

- The Wilsons could take a second mortgage, but the Wilsons may not be able to make payments on a second mortgage based on their current obligations and cash flow position.

This is a middle-class family that is obviously struggling to help their child complete his education.

Yvette

Yvette is a freshman at Seton Hall University. Her parents have a combined income of $96,481. There are six in the family with two in college. Their home has equity value of $61,835. Total cost of education at Seton Hall is $18,705. The family's expected contribution is $8,851 and Yvette's is $700 which leaves need of $8,434. Yvette's aid package includes a state grant of $400, a campus job for $2,000, a Stafford Loan of $2,625 and a Perkins Loan of $2,000.

Yvette will graduate with significant debt and is working as well, but her family will still have to fund $1,500 this year in unmet need in order for her to attend Seton Hall.

Mr. Chairman, we have spent time today focusing on the difficulties faced by middle-income families in meeting the costs of post-secondary education. We would not come to you and your committee with the kinds of problems we have discussed without offering corresponding solutions.

I will state our recommendations briefly. I realize that many of our recommendations have been presented in other testimony you have heard. However, since the issues involving middle-income families affect students in all sectors of post-secondary education, I would like to restore our recommendations. We would be pleased to work with you and the members of the subcommittee and your staffs to explore further explore any of the concerns we have touched on today or to develop further any of our recommendations.

Following are our suggestions for changes to the Higher Education Act to address the needs of middle-income students and their families.

* Increase the maximum Pell Grant to at least $4,000 and, in

subsequent years, adjust the maximum award annually based on the Consumer Price Index.

- Expand eligibility to families with incomes up to approximately $43,000 by changing the formula used to determine individual awards in the Pell Grant program. The maximum award of $4,000 would be composed of a $2,500 component for living expenses and a tuition component -- 25 percent of tuition, not to exceed $1,500. Future adjustments in the maximum award would be split equally dollar for dollar between the living cost and tuition components of the formula.

- Explore fully proposals for direct lending loan programs, such as the plan put forth by Congressman Petri. The concept of direct lending holds great potential in our opinion.

- Review the statutory need-analysis formulas for dependent students to assure accuracy and reasonableness in the level of expected contributions they produce for both students and parents.

- Modify the treatment of married independent students without dependents in the congressional methodology so that these students are treated similarly to single independent students without dependents.

- Simplify the statutory definition of an independent student by eliminating current conditional criteria and extending independent only to students who are twenty-four years or older, graduate and professional students, students with legal dependents, veterans, orphans, and wards of the court.

* Revise need-analysis formulas to exempt at least some portion of college savings from the computation of expected family contributions.

* Increase authorization levels for the campus-based programs and the SSIG program.

* Leverage additional funds for the campus-based programs by establishing an overall mathcing requirement for the three programs of 25 percent. (The current match rate is 10 percent for Perkins, 15 percent for SEOG, and 30 percent for College Work-Study.)

* Provide greater flexibility for campuses to meet individual student needs appropriately and prudently by expanding the authority for institutions to transfer up to 25 percent of canpus-based funds among the programs.

* Broaden eligibility for loan programs to middle-income students by eliminating nonliquid assets (such as equity in a home, family farm, or family business) from statutory need-analysis formulas.

- Raise Stafford loan limits to levels that restore the value lost to inflation over the past ten years to the following: $3,500 for freshman; $5,000 for sophomores, juniors, and seniors; $10,000 for graduate and professional students.

- Facilitate parental borrowing to meet expected contributions and recognize the increased cash-flow needs of middle-income families by removing the current $4,000 borrowing limit on PLUS loans.

- Create expanded loan payback alternatives and consolidation options to provide students with the most flexibility to meet their repayment obligations. A number of proposals merit renewed attention, such as those that offer loan forgiveness for public service, plans that tie loan repayments directly to the increased lifetime earning power provided by a college education, and proposals that tie repayment to service in critical jobs.

This concludes my testimony, Mr. Chairman and members of the subcommittee. I thank you for the opportunity to testify, and I would be happy to answer any questions you may have.

STATEMENT OF MATTHEW STEPHENS, A STUDENT AT BLOOMFIELD COLLEGE

Mr. STEPHENS. Thank you, Mr. President.

Congressman Payne, Congressman Andrews, Congresswoman Roukema, thank you for inviting me here.

I have been asked to address what college means to me. I am not an expert on financial aid, but I must add that I work and go to college and at certain points, $500 might be a heck of a lot to come up with because, you know, I do not live on campus, I have to pay rent, and things of that nature.

So, for someone to get $500, that might be the remaining amount on my bill that needs to be paid, it is a great contribution to a person like myself.

What college basically means to me is the access to the opportunity to control my own destiny. Once I am in college, once people donate the monies that they do to keep me in college and to help me get into college, it is my responsibility, I feel, to control my academic destiny.

So far at Bloomfield College, I am a junior, and I have a 3.2 grade point average, and just this last semester, I was hired by the college to help develop a program to lift the retention rate of black and Hispanic male students.

Nationally, the drop-out rate between black and Hispanic male students was up to 56 percent. The program at Bloomfield College, we have been able to implement, we have been able to lift the retention rate to 80 percent. So, we are doing a pretty good job as far as that is concerned.

Once I am out of college, once I get my degree, at that point, I have the choice to control my occupational destiny. That is very important to me because of the circumstances that my family has found themselves in. My father was not able to afford to send me to college, but he has been working now for 20 years at the same place, and he did not get a college education. He stressed to me, I could not send you, son, because I could not afford it, but the importance for you to go is so you control your own destiny. He has been at this place for 20 years, and about every 5 years, a guy that graduates from college comes and starts to tell him what to do. He is the new boss.

I imagine that he is somewhere like a freezer foreman or something to the effect, but everybody—about every 5 years, another college graduate comes and is introduced to him as his new supervisor. I do not want that out of my life. Maybe the circumstances that he went through prevented him from going to college or whatever the case may be, but luckily I am not in that circumstance, and I want to be able to control my own destiny.

Some of my friends and my colleagues that I went to high school with, they have not been able to control their own destiny either. I know since I graduated from high school, I have lost at least four of my friends, my friends into the drug trade, that they decided that the Mercedes-Benz and the Gucci suit was more important than a college degree. And at certain times, you know, when I am walking to class, sometimes they drive by me in the Mercedes-Benz and say, "Hey, what's up, how's college going?" and that is hard to deal with at points in time, especially, you know, when it is a long walk and it is cold outside. But I have been able to sustain and one thing we learned in our business class in Morals and Business was that good things will come if you work for them, all good things that come deserve work, and it is a price for those things that we have to pay, and college has given me the initiative to know that there is a price and I am in control of knowing if I want to pay that price or not.

And as a result of my occupational choice, I would hope to mold the destiny of society. What I would like to do after graduation is do something similar what I am doing now at Bloomfield College in being an educational consultant to schools, businesses and prisons on addressing the work force 2000 and inventing creative programs to facilitate the need that is necessary.

There are all individuals that are in prison at this point as far as the black and Hispanic males are concerned, there are twice as many black and Hispanic males my age in jail than there are in college. Something has to be done about those young men in prison. Somebody has to address that.

I would hope to be one of the individuals that addresses that. The same as for businesses and schools. I would like to be one of the individuals to do that.

In my opinion, the most serious disease that affects my generation, besides AIDS, AIDS is a big one, but the most serious, in my opinion, is the disease of mediocrity. I think this disease, it has not been really noted as a disease lately, but I think mediocrity and the level of mediocrity found in just Americans, not just black Americans, but all Americans in general has caused us to settle for less.

This disease is contracted in most people's cases by low self-esteem, low self-motivation, and low self-dedication to themselves and their occupation. Unlike AIDS, I think that this disease can be cured, and as a result, it must be cured for the society to prosper.

College, in my viewpoint, is the cure or is the medicine to cure mediocrity because it gives us the opportunity to think and, in most instances, it gives us the opportunity to learn how to think, and that is what college means to me.

Thank you.

Mr. **Payne**. Thank you very much.

We will next hear from Mr. Lang, and Mr. Lang is from the New Jersey Department of Higher Education in Trenton.

Thank you very much.

STATEMENT OF GLENN LANG, NEW JERSEY DEPARTMENT OF HIGHER EDUCATION, TRENTON, NEW JERSEY

Mr. **Lang**. Chairman Payne, Mrs. Roukema, Mr. Andrews, my name is Glenn Lang, and I am the Acting Executive Director of the New Jersey Educational Opportunities Fund, which we know in New Jersey as EOF, and I am going to probably approach the issue of affordability of access from a slightly different perspective, and it is from the perspective of opportunity programs, and in a few seconds, I will speak specifically on the federally-supported opportunity programs, Talent Search, Upward Bound and Student Support Services.

But what I would like to do first is give you an idea of what we do in New Jersey, and I think New Jersey is distinctive among the majority of the States and our resource efforts that we put into providing educational opportunity for those who have the least.

The EOF Program started in 1968, around the same time that the Federal opportunity program started, and we have opportunity programs today enrolling 12,000 students at all the public and independent institutions in the State.

Our current budget just from the State is $25 million a year to support this program. But it is not just State money that makes it successful; it is a successful partnership, sometimes stormy, sometimes sunny, with institutions. Institutions, such as Rutgers, which enrolls almost 2000 of our students, provides the administrative costs for the program, provides generous financial aid to our students.

The independent institutions alone matches dollar-for-dollar and exceed our contribution for administrative staff costs and put in over $2 to $3 million this year in financial assistance that we have been unable to make up.

We are also lucky for the tuition aid grant program which you will hear about a little bit later from one of my colleagues in the State of New Jersey, which has held our students who are the neediest harmless from tuition increases.

We have a very progressive policy in New Jersey, I believe, that has targeted our need-base grant programs to holding those who have the least harmless from increases in tuitions. So, we also benefit from that.

Let me tell you who our students are. They come from all walks of life and all corners of the State. The majority come from our urban areas, one-third from Essex County alone, but they enroll at all the colleges in the State. They reflect the mosaic of the State, but New Jersey is a high-income, high cost-of-living State. The median annual family income of students in my program is $13,000 a year, in a State where the median income is almost triple or four times that.

Almost all are first-generation college students. Seventy percent of the students, the young people, in my program come from homes that are headed by single female head of household. Fifteen percent come from households that are totally dependent upon public assistance for their income, and a growing number, because New Jersey is one of the entry places for new immigrants into our country, growing numbers are with limited English proficiency.

But through the EOF Program, we are able to place students in all majors, all career tracks, and options at our institutions, from teaching, nursing, liberal arts, to engineering and computer sciences.

We have also recently started another program in New Jersey called College Bound because we have seen the need as with the Federal TRIO Program to intervene earlier. One thing we know is that youngsters from economically-poor homes or who may go to not a strong school district are least likely to graduate from high school and, if they do, less likely to go on to postsecondary education.

So, we have seen the need to intervene earlier. So, we started a series of College Bound Programs, which we funded about $2 million this year at 18 colleges and universities, and we enrolled about 2600 students. But even with that State effort, we have been fortunate to receive another $4.8 million from the Federal Government for TRIO Programs, which serve an additional 8,000 students, primarily from our urban areas, through Talent Search, Upward Bound and Student Support Services.

The Federal programs have covered an area which we in the State have just come around to and that is pre-college education. I think they have made a tremendous impact through Talent Search and Upward Bound. Over 5,000 of the 8,000 students are in Talent Search and Upward Bound, which work along with our public school systems to improve the possibility of those students will attend college or go on to postsecondary education.

What I would like to do is just give a few comments or recommendations about proposals in the Federal reauthorization for the TRIO Programs or the federally-funded opportunity programs that I think would assist us in our efforts here in a State like New Jersey.

First, I think the program regulations and support should encourage earlier intervention. Right now, most of the programs start at eighth grade. I think we need to start earlier. Down in the middle school years. The earlier we can get started working with promising young people, I think the better chance we have of having more young people successfully graduate from high school, successfully enter the academic curriculum in their high schools, and choose postsecondary education as an option.

The second, I think in your discussions, especially with TRIO Program directors, there needs to be a discussion that goes beyond just simple funding formulas, but a discussion of what does it take to be successful or to address the needs of the students who these programs serve.

We are having a very intensive discussion with institutions in this State because the demographics and conditions have changed since we first started EOF in the State of New Jersey. We are starting to find out that we need a whole new array of services and we cannot just work on certain assumptions about who the disadvantaged or who the minority student is. We need to take a closer look at what student needs are.

Number 3. We need to expand initiatives to improve the preparation and participation of minority and low-income youth in math, science, engineering and related disciplines.

One of the things that I personally cheered about was the new Upward Bound math-science initiative, but I think we need to go further than that, than having a few regional programs. If we are really serious about bringing these young people into the mainstream of where this economy in the future is going, every Upward Bound Program should encourage math and science.

We need to continue that into the collegiate levels, in the student support services, and the graduate programs.

Also, I think TRIO Programs at the Federal level, the regulations need to be amended, so that we can successfully coordinate and build upon efforts like we have here in New Jersey. We need to look at the guidelines to reduce the administrative duplication requirements and give them more flexibility to have services directly targeted at students rather than another director for each individual program where we could have umbrella programs.

Lastly with the programs, you may want to look at the funding cycle. Right now, they are funded on a 3-year cycle, and then they have to reapply. It is competitive all the time.

I would say extend the funding cycle to four or 5 years, give a program enough time to work with a cohort of students. Four to 5 years is about how long it takes for a young person to get to high school, through high school, another 4 to 5 years is how long it takes to graduate from college.

Right now, the way the funding structure is set up, I could potentially bring a student in as a freshman and be defunded because of the competitive proposal process before the student has the chance to even complete college.

So, a longer funding cycle would reduce paper work, encourage, I think, longer-term programming to look at the entire career of the student, but that should also include, you know, the appropriate accountability measures to make sure the major goals and objectives of the program are being met.

In my written testimony, I also have some thoughts about the impact of Congressional Methodology and the need for increased support to Pell to help these needy students. I have looked at some of the testimonies of the financial aid community who will be speaking to you in the next panel, and I think they can even speak to the issue much more strongly than I can.

So, I thank you for this opportunity to discuss opportunity programs with you today.

[The prepared statement of Glenn Lang follows:]

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TESTIMONY OF GLENN LANG
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NEW JERSEY DEPARTMENT OF HIGHER EDUCATION
TRENTON, NEW JERSEY

BEFORE THE HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

UNITED STATES HOUSE OF REPRESENTATIVES

REGARDING THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

JUNE 21, 1991

My name is Glenn Lang and I am the Acting Executive Director of the New Jersey Educational Opportunity Fund (EOF). Today I want to speak on the important role that opportunity programs play in preparing our citizens, to participate in the economic and social life of our state. Specifically, I will comment on the continuing need fo. and the importance of the TRIO Programs. First, however, I would like to share with you information about our efforts in New Jersey.

State Supported Opportunity Programs

New Jersey is distinctive in being one of the few states which has demonstrated a long-standing commitment to providing higher educational access and opportunity. The New Jersey Educational Opportunity Fund (EOF) was created by law in 1968 to ensure meaningful access to higher education for those who have been burdened with economic and educational disadvantages. The program targets low-income state residents who are capable and motivated but poorly prepared for college study, and it provides them with two different, but equally important, forms of assistance. To ensure such individuals the opportunity to *attend* college, EOF supplies supplemental financial aid to defray the non-tuition costs (such as fees, books, room and board, etc.) not covered by the state's Tuition Aid Grant (TAG) Program and federal Pell Grants. To ensure them a viable opportunity to *succeed* and *graduate*, EOF funds a varied array of campus-based adaptive and academic support services. The state appropriation for EOF during the current fiscal year, which supports more than 12,000 students at 44 New Jersey colleges and universities, is $25 million.

A collaborative effort between the New Jersey State Department of Higher Education (DHE), which administers the program, and the state's colleges and universities, who recruit and directly serve the students, EOF is one of the oldest of the nation's opportunity programs, and one of the few state supported efforts of its kind. Each fall, EOF students represent approximately 12% of the entering full-time freshmen at New Jersey colleges and universities. Our students come from every corner of the state. They have generally lived and attended high school in neighborhoods characterized by depressed economic conditions, substandard educational services and unequal opportunities. Almost half come from the state's ten most distressed communities, located in Jersey City, Camden, Trenton, Newark, Hoboken City, Lawrence Township (Cumberland County), Passaic City, Paterson, Union City, and Bridgeton City. About two-thirds are from communities ranked among the fifty most distressed in the state.

The median annual family income of dependent EOF students in Fall 1990 was $13,507; for independent students, the median income was $5,088. Almost all EOF students are first-generation college students; around 70% come from single female parent households, and about 15% from households receiving public welfare assistance. A significant, but unknown, proportion of EOF students have limited English proficiency.

African-Americans constitute the largest racial/ethnic group enrolled in the program (almost 44%), followed by Hispanics, (just under 28%, with Puerto Ricans comprising about 41% of the EOF Hispanic population), whites (21%), Asians (7%), and others. The majority (70%) of EOF students are of traditional college age (17-21 years); thirteen percent are between 22 and 25 years old, and 17% are older.

EOF is a program that has worked. Despite tremendous obstacles, remarkable numbers of its students have, in fact, succeeded in mastering the academic challenge; with judicious support, they have achieved at credible and even distinguished levels. Each year over the last decade, EOF has produced, on average, 1,250 graduates--students who, without the program, would not have been eligible for admission to any four-year institution in the state; students who, without the program, would likely have found open doors to be revolving doors. Over the Fund's life span, more than 20,000 such students have earned degrees and gone on to make economic and civic contributions as state legislators, health care professionals, educators, engineers, attorneys, businessmen and businesswomen--in countless productive roles--far beyond what could have been expected otherwise.

The program has proven, moreover, to be a valuable seedbed for educational innovations that have found broad applicability in the larger higher education community. Among the many powerful strategies pioneered within EOF are precollege articulation, basic skills testing and remediation, systematic retention efforts, multicultural curricula and human relations programming, student leadership development, and outcomes-based program evaluation.

New Jersey has also recognized the need to begin intervention before students reach our campuses. Consequently, four years ago the State initiated a series of pre-college academic programs (or "College Bound") in several urban areas which identify promising students and, through a combination of academic enrichment, counseling, tutoring, and career exposure, better prepare them for college. The State appropriation for the College Bound is slightly over $2 million, and supports 2,800 students. Unfortunately, this effort will only reach a limited population at best.

Federal TRIO Programs in New Jersey

New Jersey also receives $4.8 million in federal funds to support 27 Trio projects including: one McNair Post-Baccaulaureate, four Talent Search, ten Upward Bound, one Veterans Upward Bound, and twelve Student Support Services (SSS) programs. Together they enroll over 8,000 students from low-income and first-generation college households. These programs are especially important at the pre-collegiate level, where they equip approximately 5,500 students with the aspirations and tools they need to continue to move through the educational pipeline.

In New Jersey, we are fortunate that the political and economic culture of our state has developed a long-term commitment to educational access and opportunity. We have definitely benefited, too, from the presence of the federal TRIO programs. TRIO programs have extended our efforts and have served large numbers of students (especially through Upward Bound and Talent Search) who have not traditionally been targeted by our State-supported efforts. Opportunity programs have changed the lives of thousand of our state's citizens. They have also helped to change the nature of our educational institutions by opening them up to a far more rich and diverse population.

The Continuing Need

Recent population and labor market projections suggest that opportunity programs such as EOF and TRIO must be integral components in our national educational strategy for the future. Between the years 2000 and 2010 approximately 35% of new entrants to the workforce will come from minority groups. Increasingly our economy, and many of our institutions, will become increasingly dependent upon those individuals who have been least well served by our educational systems.

Numerous studies all describe the critical need to increase our investment in the development of human capital:

> *"The drive to raise productivity and increase competitiveness is transforming the debate over social equity into a discussion about economic growth"*
>
> Bruce Nussbaum, "Needed Human Capital."
> Business Week, September 1989, p 103.

> *"Over a third of the entire population of this country will be non-white by the turn of the century...These statistics reveal the essence of the challenge of survival that America faces...If we succeed in learning how to make productive citizens out of minorities, if we can find ways to make them creative, thinking workers, as must happen with young whites, then surely we will have created a strongly competitive America that will be the envy of the world."*
>
> Louis Harris, "2001: The World Our Students will Enter." The College Board Review, No. 150.
> Winter 1988-89.

> *"If the policies and employment patterns of the present continue, it is likely that the demographic opportunity of the 1990's will be missed, the problems of minority unemployment, crime, and*

> *dependency will be worse than they are today...Each year of delay in seriously attacking this problem makes it more difficult. Not only will the jobs become more sophisticated and demanding, the numbers of new workers will begin to increase after 1993. Now is the time to renew the emphasis on education, training and employment assistance for minorities..."*
>
> William Johnston, Arnold Packer, et. Al. Workforce 2000: Work and Workers for the Twenty-first Century. Hudson Institute, 1987, p 114.

It has become common knowledge in New Jersey that the state's economy is rapidly shifting from manufacturing to a service/high technology information base. The growth and vitality of such an economy depend upon the availability of highly skilled workers. It is projected that in the next five years over 20% of all new jobs will require four or more years of college training. While the educational requirements for the economy are increasing, the state is undergoing a rapid demographic transformation. Given current birthrate and migration trends, within the next 10 years nonwhites will make up almost one-third of the population. African-Americans and Latinos already represent 30% of the public school enrollments. These populations, however, have not benefited from the recent economic expansion experienced by the rest of the state. The majority continue to reside in economically depressed urban areas, and their children (approximately two-thirds of African-American students and three-quarters of Latino students) continue to attend schools in districts classified by the New Jersey Department of Education as the most disadvantaged because of socioeconomic conditions and other factors. Lacking the wherewithal to escape to private schools or more affluent surroundings, such students tend to fall behind academically beginning in the earliest grades, and are thus denied a fair opportunity to realize their educational potential.

This does not imply that all minority students are disadvantaged. However, because an overwhelming proportion of African-American and Hispanic (as well as poor) students reside in the state's poorest urban school districts there is the probability that many (in spite of high achievement in their schools) may not be receiving a quality education. Through no fault of their own, these students are denied the opportunity to study science with reasonably equipped laboratories; they are denied the opportunity to take advanced placement courses; they are denied adequate counseling and advice about college; and they are denied a rigorous curriculum which challenges them, sets high standards, and provides them with a realistic view of their achievements and needs.

The failure of many public schools, especially those located in distressed urban centers, to achieve any significant improvement in educational quality does not bode well for the young men and women who receive their education in those environs. We cannot afford to exclude the fastest growing segment of our population from the fruits of higher education and the economic marketplace because they were forced to attend schools that did not equip them with the skills necessary to be competitive with those from more affluent backgrounds. The progress and continuing economic development of both my state and our country depends on the success of this ever-growing minority population. Their current level of participation must increase if New Jersey is to avoid a drastic labor shortage. Without access programs such as EOF and TRIO, far too many of these students are either excluded from higher education or limited to open door colleges and restricted career options. To ensure our continuing commitment to democratic ideals, and the optimistic future envisioned in the American Dream, we must provide the avenue for students who exhibit the potential, motivation and desire to succeed with the opportunity and support to do so. The alternative is much more dangerous.

With a 20 year wealth of experience in addressing access, diversity and quality higher education for minority and disadvantaged students, the opportunity programs must serve as the foundation of our efforts to expand support to this growing population of students. The key issue is how to strengthen these programs so that they are able to perform their role more effectively and to reach more deserving people.

Clearly this will require a major commitment from all sectors, public and private. State and federal government have major roles to play, especially as it relates to helping students from disadvantaged backgrounds prepare for careers that require a college education as a basic prerequisite. Currently, as part of our efforts to develop a strategic plan for higher education for the State of New Jersey, we are involved in a broad critical reflection on the need for and scope of our EOF Program. We are engaging the broad spectrum of our higher education community to strengthen our existing efforts, and to develop new visions to increase the participation and success of minority and disadvantaged students at all points of the educational pipeline. However, since the main purpose of this occasion is to provide information regarding the Reauthorization, the federal role in higher education and, more specifically, the TRIO Programs, I want to share some insights from my 18 years as a professional working in higher education with both state and federally funded opportunity programs.

Opportunity programs such Upward Bound, Talent Search, and Student Support Services, rather than breeding dependency, stand as a major public investment in the development of human potential for achievement and self-sufficiency. They represent one of the few remaining options for those who have the potential and desire to rise above barriers of economic and educational disadvantage. The challenge is to reach greater numbers of eligible students. To begin interventions earlier, so that more students are able to move up successfully through the educational pipeline to postsecondary education. To insure adequate levels of service. To increase coordination with other state and private programs. And to strengthen programmatic and administrative procedures and program accountability.

By and large, the record of TRIO Programs is a good one -- a story reflecting the triumph of the human spirit and the best ideals of realizing the American Dream through initiative and persistence. This is not a case of needing massive changes in a program that is broken or has lost

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its direction. Instead, we need to help a good program work better. What TRIO (and other opportunity) programs require most is not an overhaul but an infusion of support.

Recommendations

Federal policy must place increased emphasis on raising college participation and persistence rates, especially for minorities and students from disadvantaged circumstances. Efforts to promote equity and minority success cannot focus on just one area or emphasize just one approach. It is imperative that we adopt a comprehensive strategy that eliminates discontinuities in service and "leakage" in the educational pipeline. Programs such as TRIO and EOF must be made integral componenets of the national American 2000 education reform movement.

1. Increasingly, educators and researchers are finding that early intervention is key: to let students (and their families) know that postsecondary education is a realistic alternative; to instill the motivation, skills and work habits needed for academic success; to insure that a greater number of students are prepared to meet the heightened testing demands of the current educational reform movement. Efforts at such as Talent Search should begin earlier, in middle school (grade 6).

2. Increase the level of funding support for TRIO programs and establish minimum (base) funding levels to ensure that all program participants receive a comprehensive and thorough mix of high quality activities and services. Much of the success of opportunity programs lies in their ability to provide supportive services in a manner much more individualized and intensive than schools and colleges are normally able to offer.

3. Expand initiatives to improve the preparation and participation of minority and low-income youth in math, science, engineering, and related disciplines. The Upward Bound Math/Science

initiative is a move in the right direction. This should be expanded to include all Upward Bound programs and to collegiate level Student Support Services programs.

4. TRIO regulations need to be amended or interpreted in ways that will enhance local success rather than cause unnecessary administrative roadblocks to effective service. For example:

a. Enhance coordination with other programs. Language in the law should be included to promote effective coordination with state, institution, or other federally funded programs. Educational, budgetary, and efficiency considerations argue in favor of encouraging the maximum coordination of resources to provide a comprehensive mix of services to help students move successfully through the educational pipeline. Our goal should be the maximum delivery of services to students and their families, not rigid adherence to administrative flow charts and inefficient organizational structures.

b. Establish longer term commitments for successful TRIO programs by lengthening the TRIO funding cycle from the current three-year to a five-year cycle. This would serve to reduce cumbersome paperwork and the uncertainty of the reapplication process. Three years is too short of a cycle when working with high school and college students since it does not permit a program to follow and service one cohort of students through one complete academic cycle in the course of the grant period. However, with a lengthened funding cycle it is important that criteria be developed to review program performance over the course of the funding period. Over the past decade in New Jersey with our own state funded opportunity program, we have implemented methods of quantitative and qualitative assessment to support a lengthened funding cycle while assuring program accountability. I am confident that a similar effort could be accomplished at the national level.

Affordability

I also want to take this opportunity to discuss concerns regarding federal Title IV Regulations and specifically the methodology used to determine financial need. The Title IV student assistance programs form the foundation of the federal commitment to higher education access and affordability. I strongly urge efforts to increase Pell and campus-based assistance programs. Throughout the 1980's states have had to assume a increasing share of the burden of providing grant-based student aid, while the federal strategy has shifted to an increased emphasis on loans. More recently, as a result of changes in federal regulations, financial aid packages have been required to assume an expected family contribution (EFC) that generally cannot be offset by grants or loans; the minimum expected contribution is $700 for freshmen and $900 for upperclassmen.

After subtracting the minimum expected family contribution, as well as State and Pell grants, needy students in New Jersey are left with an affordability gap of 23 to 40% that must be covered by the student's own resources, loans, or institutionally-administered aid. This translates into an annual dollar gap of $1,270 for an average-cost county college, $2,510 for an average-cost state college, $2,890 for an average-cost college within Rutgers, and $6,520 for an average-cost independent institution.

In most instances the gap has been bridged by a combination of institutional aid, expanded employment, and loans. The question, however, is whether it is appropriate to burden educationally disadvantaged students with excessive work hours, or to ask economically disadvantaged students to assume major debts. Poor students typically use earnings from work-study or other summer or part-time employment to meet the family contribution requirement, since savings and home equity are not generally available as resources for this population. (Federal Stafford loans can be applied to uncovered costs over and above the expected family contribution, but not to the EFC itself.) Problems arise when, as is frequently the case, low-income students must work to meet other obligations as well. At opportunity program income levels, student earnings are often needed for basic personal and family support. Federal regulations, however, assume such earnings to be largely unencumbered. No matter what their family income level, students are expected to contribute 70% of their annual after-tax earnings to college costs. As a result, the poorest students who needs to work to "help out" at home can easily end up with higher expected family contributions (averaging in the neighborhood of $1,500 to $2,000 each year) and reduced eligibility for various forms of federal assistance. What is needed is to bring the "Congressional Methodology" for determining student aid eligibility into greater conformance with the approaches such as the Pell Grant Index and the New Jersey Eligibility Index, both of which make greater allowances for the needs of low-income students.

I appreciate the opportunity to testify before you today. Programs such as TRIO and Pell truly provide educational opportunity for thousands of New Jersey residents. I hope the information I have given you can contribute to their strengthening.

Mr. **Payne**. Thank you very much.

And our final panelist is Mr. Lomax, who is the Executive Vice President of the National Urban League of New York.

STATEMENT OF FRANK LOMAX III, EXECUTIVE VICE PRESIDENT, NATIONAL URBAN LEAGUE, NEW YORK, NEW YORK

Mr. **Lomax**. Thank you, Mr. Chairman.

I am Frank Lomax, Executive Vice President and Chief Operating Officer of the National Urban League.

Mr. Chairman and Members of the Subcommittee on Postsecondary Education, thank you for this opportunity to present the views of the National Urban League regarding the Reauthorization of the Higher Education Act.

The National Urban League, founded 81 years ago, is committed to the elimination of racial discrimination and the achievement of social and economic equity and quality for African-Americans.

Mr. **Payne**. Excuse me, sir. Would you put the microphone in front of you? Pull it over and speak directly into the microphone. Thank you.

Mr. **Lomax**. Toward these goals, in 1985, the National Urban League and its 114 affiliates nationwide established a national initiative to improve educational opportunities and outcomes for African-Americans and other minority students through direct service and advocacy.

The initiative has generated more than $15 million in support from public and private sources. The National Urban League is honored to support the historically black colleges and universities due to the traditional and vital role played by these institutions in the education of tens of thousands of individuals who otherwise would not have received the postsecondary education.

Not only do these institutions boast alumni and current enrollees in such distinguished academic records, these institutions also continue to play an important role in preparing non-traditional and academically-unprepared students, under-prepared students for meaningful and productive roles in all sectors of the U.S. economy.

The National Urban League is concerned about the impact of the proposed reauthorization and opportunities available for African-Americans for a college education. During the 1980s, the percentage of African-American high school graduates who entered college remained static at approximately 28 percent, compared to an increase among white high school student graduates, an increase from 32 percent to 38 percent.

During the first 2 years of the 1990s, there are indications that to many students, the goal of a college education is proving more and more elusive. Clearly, African-Americans must benefit more fully from the educational and career development opportunities offered by higher education.

The implication of the President's fiscal 1992 budget for the Reauthorization of the Higher Education Act raises serious concerns. These concerns focus on a number of fronts.

First, the President's fiscal 1992 budget would effect an overall decrease in funding once inflation is considered.

Further, the proposed allocations consolidate some student aid programs and repackage others with the net effect of reducing the number of needy individuals who are eligible for aid.

The National Urban League recommends that the fiscal 1992 budget include increases to at least, minimally, compensate for inflation.

Second, a $10,000 income ceiling has been proposed for Pell Grants. The ceiling would eliminate nearly 400,000 near poor students from eligibility. We must remember that there is only a thin line that separates the poor and the nearly poor.

The National Urban League recommends the elimination of the income ceiling requirement for Pell Grant eligibility to enable institutions to award aid based upon individual assessments of need.

In addition, Pell Grant programs should become a true entitlement with the $4,400 maximum award beginning fiscal year 1994, up from the current $2,300 maximum.

Third, the proposed institutional matching requirement for capital improvement grants of 50 percent as opposed to the current 15 percent would result in severe implications for many institutions of higher education, and particularly for the historically black colleges and universities because many private foundations in which they depend have shifted from direct grants to matching grant programs.

The effect of a new Federal matching requirement would be to force colleges to forego private foundation support. The current 15 percent matching requirement should be reauthorized.

Fourth, the proposed presidential achievement scholarship program to be funded from Pell Grant appropriations would eliminate more than a 150,000 Pell Grant awards. This scholarship would be an additional award given to Pell Grant recipients who finish in the top 10 percent of their high school classes or who score high on the nationally-standardized tests and who maintain a B average in college.

While a scholarship to recognize and reward high levels of academic achievement is laudable, such a benefit would be to the detriment of students who have worked hard to graduate from high school, to earn a college education.

The income ceiling for eligibility for this program would be the same as that for the Pell Grants, $10,000. Not only would this program make fewer individual grant awards, it would also exclude many low-income and middle-class students whose family income did not meet the ceiling requirement.

An additional budget appropriation should be used to fund the presidential achievement scholarship program and the family income ceiling should be eliminated.

A related concern that has not been addressed by the Higher Education Act is that with the proposed reduction in the number of Pell Grants, it would be more important to develop effective vehicles for providing high school and college students with information on the availability of financial aid and scholarships.

Despite sensational stories about the availability of financial aid and the abundance of aid that goes unclaimed, most students who live and attend schools in economically-depressed communities do not have access to college information.

The National Urban League and its affiliates have attempted to fill this information gap by providing call-in, write-in or other services to students searching for financial aid information.

A few examples include the Detroit, Michigan, Urban League's College Club seeks to increase the participation of minority students in postsecondary education through providing information and assistance geared toward the application, admission and student financial aid processes.

The National Urban League and the Continental Corporation Foundation produce a guide to business and other internships, scholarships and career development opportunities for minority students.

The Albany, New York, Urban League conducts preparation for the PSAT, the SAT and the ACT college admission tests and financial aid workshops.

These programs and the efforts of many, many other community organizations throughout the Nation cannot alone meet the needs of the Nation's college-going population. The United States cannot continue to fail to tap the undiscovered resources of its people. Higher education, like elementary and secondary education, is not a luxury. Our future depends on it.

Thank you.

[The prepared statement of Frank Lomax III follows:]

TESTIMONY BEFORE THE HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION REAUTHORIZATION OF THE HIGHER EDUCATION ACT

FRIDAY, JUNE 21, 1991
RUTGERS UNIVERSITY
NEW BRUNSWICK, NEW JERSEY

FRANK LOMAX, III
EXECUTIVE VICE PRESIDENT
NATIONAL URBAN LEAGUE

Mr. Chairman and members of the Subcommittee on Postsecondary Education, thank you for this opportunity to present the views of the National Urban League regarding the reauthorization of the Higher Education Act. The National Urban League, founded 81 years ago, is committed to the elimination of racial discrimination and the achievement of social and economic parity for all minority Americans. Toward these goals, in 1985, NUL and its 114 affiliates nation-wide established a national initiative to improve educational opportunities and outcomes for African American and other minority students through direct service and advocacy. The initiative has generated more than 15 million dollars in local and national support from the public and private sectors.

The National Urban League is honored to support the historically Black colleges and universities (HBCUs), due to the traditional and vital role played by these institutions in the education of tens of thousands of individuals who otherwise would not have received a postsecondary education. Not only do these institutions boast alumni and current enrollees who possess distinguished academic records; these institutions also continue to play an important role in preparing non-traditional and academically underprepared students for meaningful and productive roles in all sectors of U.S. society.

The National Urban League is concerned about the impact of the proposed reauthorization on opportunities available to African Americans for a college education. During the 1980s, the percentage of African American high school graduates who entered college remained static at approximately 28% (compared to an increase among White high school graduates from 32% to 38.5%). During the first two years of the 1990s, there are indications that for many students, the goal of a college education is proving more and more elusive. Clearly, African Americans must benefit more fully from the educational and career development opportunities offered by higher education.

The implications of the president's FY 1992 Budget for the reauthorization of the Higher Education Act, raise serious concerns. These concerns focus on a number of fronts.

First, the President's FY 1992 Budget would affect an overall decrease in funding once inflation is considered. Further, the proposed allocations consolidate some student aid programs and repackage others, though with the net effect of reducing the number of needy individuals who are eligible for aid.

The National Urban League recommends that the FY 1992 Budget include increases to at a minimum compensate for inflation.

Second, a $10,000 income ceiling has been proposed for Pell Grants. This ceiling would eliminate nearly 400,000 "near poor" students from eligibility. We must all remember that only a thin line separates the poor and nearly poor.

The National Urban League recommends the elimination of the income ceiling requirement for Pell Grant eligibility to enable institutions to award aid based upon individual assessments of need. In addition, **the Pell Grant program should become a true entitlement with a $4,400 maximum award beginning in FY 1994** (up from the current $2,300 maximum).

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Third, the proposed institutional "matching" requirement for capital improvement grants of 50% (as opposed to the current 15%) would result in severe implications for many institutions of higher education and particularly for the historically Black colleges and universities (HBCUs). Because many private foundations, upon which HBCUs depend, have shifted from direct grant to matching grant programs, the effect of a new federal matching requirement would be to force colleges to forego private foundation support. **The current 15% matching requirement should be reauthorized.**

Fourth, the proposed Presidential Achievement Scholarship program, to be funded from Pell Grant appropriations, would eliminate more than 150,000 Pell Grant awards. This scholarship would be an additional award given to Pell Grant recipients who finish in the top ten percent of their high school class, or who score high on nationally standardized tests, and who maintain a B average in college. While the scholarship would recognize and reward high levels of academic achievement, such benefits would be to the detriment of students who have worked hard to graduate from high school and to earn a college education. The income ceiling for eligibility for this program would be the same as that for Pell Grants -- $10,000. Not only would this program mean fewer individual grant awards, it would also exclude many low income and middle class students whose family income did not meet the ceiling requirement. **An additional budget appropriation should be used to fund the Presidential Achievement Scholarship Program and the family income ceiling should be eliminated.**

A related concern that has not been addressed by the Higher

Education Act is that with the proposed reduction in the number of Pell Grants, it will be more important to develop effective vehicles for providing high school and college students with information on available financial aid and scholarships.

Despite sensational stories about the availability of financial aid and the abundance of aid that goes unclaimed, most students who live and attend school in economically poor communities do not have access to scholarship information. The National Urban League and its affiliates have attempted to fill this information gap by providing call-in, write-in or other services to students searching for financial aid information.

A few examples include: the Detroit, Michigan Urban League's College Club seeks to increase the participation of minority students in postsecondary education through providing information and assistance geared toward the application, admissions and financial aid processes. The National Urban League and the Continental Corporation Foundation produce a guide to business and other internships, scholarships and career development opportunities for minority students. The Albany, New York Urban League conducts preparation for PSAT, SAT and ACT college admissions tests and financial aid workshops.

These programs and the efforts of community organizations throughout the nation can not alone meet the needs of the nation's college-going population. The U.S. can not continue to fail to tap the undiscovered resources of its people. Higher education, like elementary and secondary education, is not a luxury. Our future depends upon it.

Mr. PAYNE. Thank you very much.

I certainly would like to compliment this panel and in particular Matthew for that outstanding testimony that you gave, and Dr. Noonan for having the foresight to bring him.

Thank you very much.

Let me just start very quickly with saying that I could not agree with you more with the 15 percent capital improvement going up to 50 percent match with the presidential achievement scholarship program which is an excellent program, but to take the money out of the Pell Grants makes no sense at all to me. It should be new money coming for a new program, and, you know, I criticized President Johnson when he escalated the war in Vietnam, I criticized President Carter when he started becoming sensitive about starting to have a downturn in some of the entitlement programs, and I certainly feel very critical of the current President who wants to be known as the Education President and we have not seen the initiative, and I just think that it is great to have a presidential achievement award for the top 10 percent, but to take it from already-existing money, it, to me, really is counter-productive without the additional funds.

I would just like to say that there is a new bill that Congressman Sawyer, as you have indicated, that in many of the urban centers, you do not have college counselling as you should. There will be in H.R. 1524, the SCAN Bill, funds for early outreach for information and training for secondary school counselors, and they will also have funds available for advertisements to public schools.

See, the thing that disturbs me, and I will not have much time for questions because I am using up most of my 5 minutes, and I will adhere to my rule, but the thing that disturbs me is that in the Newark high schools anyway and in East Orange and in the urban centers, you have more people from the military at the schools recruiting, the "be all you can be" fellows. The one counselor for the entire class in many instances is not available, and, so, the ones that are attractive, to have each individual branch of the service there with their own person, offices right next to the college counselor, and the young people are being taken off. I support the opportunity in the Armed Services and I guess without that, we would even have much more of a serious problem, but to have that as a major option to young, bright, urban youngsters, to me, is a real blight on the total opportunities in our society in general. When this is the number one option, rather than trying to go to college, I hope that we can increase the funding for guidance counselors and so forth. Now, just my one little question.

There is a move afoot in the proposals from the administration to combine all of the TRIO Programs, put it into one program in a block grant, and say, okay, now you fight over whether it is going to be for the McNair educational or for math and science.

As you know, in 1990, there were only nine black Ph.D. graduates in the United States of America in math or science, and in 1989, there were only six. Now, we are really losing a part of our future as a Nation if we are not opening up the opportunity because I am sure that there must be more than nine black persons in the country that can attain a Ph.D. if the opportunity was there, and, so, I would just like to ask you, Mr. Lang, Mr. Lomax, what do you think about the new block grant approach to the TRIO Program?

Mr. LANG. Well, first, I am glad and I am also sorry to say that one of those nine is a New Jersey resident who recently got her Ph.D. in match from Stevens, who worked along with us in our program.

I think it is, as a State level person, I would say, great, it is always nice to be able to get a pot of money, but I think you have to look for what are your desired ends, and what level of accountability do you want, and do you want to be sure and clear that the efforts of that money are directed towards specific purposes and specific outcomes.

So, while the block grant may sound attractive, I have a fear that putting things in a big lump, you may lose the focus that these programs provide.

We faced the same discussion here in New Jersey, and I think a lot of States, and one resolution that we have come to is that if you want certain things done, targeted and have a level of accountability, it is best not to throw them in the pot.

So, I would say if you are interested in highly-visible, highly-accountable, directed, targeted programs, the block grant would move you away from that.

Mr. LOMAX. My only response is that I sort of share some of Glenn's sentiments, and I would imagine the motivation for the block grant approach is to reduce administrative overhead.

But I think that we have to be very careful about that. I agree we have to be very sure of the outcome that we want, and I also would suspect it is to give the States an opportunity to make decisions about how the money is directed.

But I am suspicious of the block grant approach, not knowing really what the full rationale is behind it, but I do want to speak to just one point you made, Congressman Payne, about the military and its success and its recruitment.

I think if we look at Desert Storm, and we look at the demographics of the people who fought in that campaign, it would appear that their strategies for getting the best worked because the military, if I understand it, as a group of people is the only place where the educational level and educational attainment of African-Americans exceed their white counterparts.

So, they are very effective. Their recruitment efforts have worked, and if we just take some of those models that have been successful for the military and apply them in our civilian sector, we may have the same kind of outcomes.

Mr. PAYNE. Thank you.

We even saw yesterday that the percentage of substance abuse in the military is about 3 percent. Now, if you take the general population of any disadvantaged group, whether it is Appalachia or whether it is urban centers, you would find that 3 percent is really practically non-existent.

So, the military has been extremely, as you brought out, extremely effective in getting there because they have the punch, they have the people there and they have the resources.

Congresswoman Roukema?

Mrs. ROUKEMA. Thank you, Mr. Chairman.

I am glad that you brought up the question of the block grants, and I just want to point out another perspective on block grants.

Mr. Lomax is quite correct that there really are two motivations here for block grants. One is to reduce bureaucracy and administrative costs. The other, however, is a philosophical one which I think needs to be stressed, even though we might come to different conclusions as to their value, and that is that the block grant philosophically gives local officials, in this case the State, the opportunity to set their priorities in terms of what the needs of their individual States are.

I can give you a parallel through my experience on another committee, and that is the House Subcommittee of Banking, Finance and Urban Affairs.

One of our most promising and most popular programs is the community development block grant, and I see Ms. Smith approving here. Conceptually, that is the same thing, the same approach that we would like to apply to some of these educational programs.

It is not an exact parallel, but I would suggest that we keep our minds open on this. There can be some benefits that have not yet been explored in the educational area, and if it were a device used to substantially reduce the delivery of services and the funding level, then I would share your concern, but, philosophically, I would hope that you would explore it as we will on the committee.

I do not want to spend any more time on that, but I do want to note, and it may be too long, Dr. Noonan may not have enough time to go into this. So, I am going to ask, Dr. Noonan, if you could write to us.

I am particularly interested in page 6 of your testimony, and I think I know what you are getting at here, but I would like you to be explicit. That not only do you sing my song about middle-income families being ineligible for Federal assistance because of the need analysis formula, but you note that "at the same time that we did that, we also made changes with respect to independent students," and that this has been counter-productive and given more assistance to independent students, even some of those that are independent of convenience as aid officers call them, and that there may be a discrepancy here and really an unfairness here.

I would like to know more about that. I am sorry to say that I do not know as much as I should about that, but I think it should be the focus.

Yes, Dr. Noonan?

Mr. NOONAN. I will be happy to do that.

Mrs. ROUKEMA. Yes. I would like you to do that. We do not have time today to go over it, but I think that is a most important—it may be a loophole that we put in the Congressional Methodology that we would like to close.

I do note, Ms. Smith, your reference to the use of, increasing use of home equity and pension plan borrowing, and I want you to know that that did not go unnoticed by me, and that is clear evidence that we are dealing too many families out of the student loan program and the Pell Grant program, and, Matthew, I just want you to know that you are never going to regret the decision, the choice that you have made no matter what your repayment schedule is, and I can tell you that from experience, both my experience and my husband's experience, and I want you to know that my husband never would have gone to medical school if it had not been for loans that he had to take out, and whatever he had to pay back was great benefit to all of us and to his patients as well.

And, finally, Mr. Lomax, I just want to get some idea of your opinion on the default question, and I say this with all sincerity because I was rather surprised last year when—no, I am sorry, 3 years ago when I first brought up the default question.

A lot of people incorrectly thought I was trying to get at minority students and deprive them of an education, but I would like to enlist the support of organizations like your own because I have found more and more we know about the scam schools, as I call them, fraudulent operations, the more I recognize that it is minority students more than any other students that are being taken advantage of.

They are not getting educations. They do not have the job skills. They are stuck with the bills. I mean poor credit ratings, and the banks and the schools go away with full reimbursement, and then, to make it even worse, when the taxpayers pick up that bill for $2.4 billion, it is eliminated from the revolving loan fund for other students whether they be Pell Grants or student loans.

I would like to see the minority community get involved in this fight and recognize that they are the victims, and I will tell you, I think now I have dispelled some of that feeling, but it took me 3 years to get the attention of some of my colleagues on the committee to convince them that I was not trying to deprive minority students of a valuable access to higher education through the very valuable trade schools that we have.

Has your organization looked at that issue?

Mr. LOMAX. We have not looked at that issue specifically, but it is something that I can say we will be happy to look at that.

I think that when we look at the problem with the low repayment on student loans, and I assume—and I do not know the numbers, to be very honest with you, a good deal of that is minority students, am I wrong?

Mrs. ROUKEMA. Yes, but also as you look at the numbers, what you have to know is that these students get into school, they drop out, they do not get the education.

Mr. LOMAX. Yes, I was going to make that point, that with the high drop-out rate and then when you consider the high unemployment rate which is double that for white Americans that you find in the African-Americans, with no job, the money cannot be paid.

Mrs. ROUKEMA. Exactly.

Mr. LOMAX. So, I think it is really a double-edged sword. I think we first of all have to do something about what I heard earlier in the first panel about extending the repayment schedule for debt because I do think it is a capital investment, and, so, I think that is important to look at, but I also think that there is a responsibility on the part of individuals who take out these loans to understand that finish or not, you are responsible for paying them back.

Mrs. ROUKEMA. Yes. We found that——

Mr. LOMAX. I think that is fair.

Mrs. ROUKEMA. We found that the students under the present program, really, there is no obligation to even inform them fully as to what their, you know, what their—the debt that they are getting themselves into, but even more important, we found—and one of our previous panel members alluded to this, that the accreditation is so loose, not in the State of New Jersey, but many other States, that you literally have fraudulent operations that are schools in name only operating and victimizing these minority students, and that is what we have to get at, and part of my reform is to tighten up the accreditation.

If every State were as good as New Jersey, we would not have this sizable problem nationwide, but it is really a disgrace.

Dr. Noonan?

Mr. **Noonan**. Every president of an accredited college or university in the country supports the way you have divided the question, and the focus you are putting not only on due diligence over which we can exert even more influence but over the default rates in the proprietary schools.

I mean that is—the 16 independent colleges in whose name I am speaking, our default rate is 4.8 percent.

Mrs. **Roukema**. When you see a school——

Mr. **Noonan**. The lowest of the low.

Mrs. **Roukema**. When you see a school with default rates of 40-50 and 60 percent, year after year after year, you know there is something drastically wrong, and students are dropping out in huge numbers.

Thank you very much, Mr. Chairman.

Mr. **Payne**. Thank you.

I really appreciate that. I agree with you there.

Mr. Andrews?

Mr. **Andrews**. Thank you, Chairman.

I want to thank each of the panelists for their very stimulating testimony, and let me ask Freeholder Smith a question.

One of the points that you made was that we ought to be taking a look at ways that tax incentives or other savings incentives could be written into the law to help families save more money to pay for education.

What kinds of incentives do you think would work and be relevant for the kind of families that we are talking about?

Ms. **Smith**. There are two proposals that come to mind very quickly, and one, of course, is the new initiative that is available through the savings bonds, where, if they are used for education, the interest is not taxable. That is a good, long-term savings.

I also believe that on the Federal level, when they want to look into programs that are now being proposed in the State of New Jersey, on a statewide level, where parents are going to be able to put aside funds for their young children, whether it is direct payment to a particular college or university or whether it is through a long-term savings issue, almost in the form of zero coupon bonds, which are available certainly to people who are sophisticated enough to know about them.

Everyone does not have to have that level of sophistication or should not have to have that level of sophistication in order to provide for college education in the future for their children.

Those are two or three areas that I think should be looked into so that a Federal response is ready or a Federal initiative can take place and not have to depend upon the States and only the buying of U.S. savings bonds for the tax deferment that is available.

Mr. **Andrews**. If I understand correctly, there are three kinds of programs in New Jersey or proposals on a national stage. The first is a tuition pre-payment plan. The second is some kind of shelter or tax-protected investment where one could save money and shelter the income from that investment from taxation, like an IRA, and then the third is the use of the State's bonding authority to go out and borrow money at lower rates and make the loans available to students at a lower cost basis, and that is something I think we would want to look at as well.

Matthew, again let me commend you and commend your school, your university or college, for bringing you here today.

The thing I enjoyed most about your testimony, and I enjoyed all of it, was that the three of us spend most of our time in Washington, DC, and Washington, DC, is the only place in the world I know of where if someone wants to tell you, will you please open the door, what they will say is, will you please facilitate the creation of an opening through which we can engender passage.

Washington is truly a place where English is spoken as a second language for just about everyone.

I truly appreciate the fact that you talked in very common sense terms about what these laws mean.

If someone said to you, the Federal Government is going to do one thing or stop doing one thing that is going to help you in the program that you are now involved with, which is to raise the retention rate, and keep more people in school, what would that be?

If we could do one thing that would give you a resource or a tool or stop doing one thing that is an impediment to keeping people in school, what would it be? And, you know, if there is no specific answer today, you can feel free to write to us or talk to us in the future. It is not a pop quiz or anything.

Mr. **Stephens**. I honestly do not know what the Federal Government could do to help us or what to stop. So, I will write you a letter.

Mr. **Andrews**. Why are people leaving school in your opinion? Those that do not stay in, why are they leaving?

Mr. **Stephens**. There is a bunch of reasons, but I think one of the reasons is that the black and Hispanic males that I deal with drop out of college is because they are not prepared to be there, and when they get there, they do not have programs to address the certain needs that they might have to give them the initiative to stay in college.

I do not think that any student needs to be spoon-fed. I think that he needs to be challenged to a point where he has not had a challenge before, and at that point, he can hold his own weight because we do not try to feed them or try to baby them, we just try to make them understand that there is a price to pay, and that he has to pay that price in anything he wants to do.

Mr. **Andrews**. That sort of leads to a point that Mr. Lang made really well about earlier intervention in the TRIO Programs, which I want to explore for a moment.

What kind of interfacing or, God, I sound like I am from Washington——

Mr. **Payne**. You have been doing that all day. I just want you to know that.

Mr. **Andrews**. I know. We all practice what we preach.

What kind of coordination exists between the State's initiative in QEA in dealing with the needs of the disadvantaged districts and TRIO-type programs?

In other words, I represent the City of Camden. The City of Camden is filled with young people in the junior schools, in the fifth and sixth and seventh grades, who need someone to get involved with them right now and get them on a track that would lead to a higher education.

What kind of connection is there between the QEA effort in New Jersey and these existing Federal programs?

Mr. **Lang**. QEA is run by another department than mine. So, I really cannot answer that.

Mr. **Andrews**. I was not sure it was run by anyone, but that is——

Mr. **Lang**. Yes. You know, I do not want to talk about the Department of Education, but let me—I really cannot speak on QEA because that is run out of a totally-different part of the bureaucracy than I am.

Mr. **Andrews**. What would you like to see happen?

Mr. **Lang**. However, I can tell you the dilemma or the problem that we face in the limited programs that we have that I would say also with the Federal TRIO Programs.

We are turning students away because this year, with the EOF Program, it is the first year I have had to say I cannot support everybody that wants to come into this program.

I had to turn students away. Our pre-college programs, and even some of the TRIO Programs, because of the fastest-growing population are the populations that qualify for these programs.

We are turning students away. Our pre-college program, we have one in Camden, we also have Prime down there in Camden, and Talent Search. There comes a point in programs where you say, yes, I can enroll huge numbers, but who can I give quality service to, and a lot of us are making that painful decision that we cannot bring in larger numbers.

At the same time at the collegiate level, with our opportunity programs, we are saying we cannot wait another 5 or 10 years for something to happen in the public schools. The graduating class of the year 2000—I mean everybody talks about work force 2000. Let us talk about the high school graduating class of the year 2000. The freshman class of the year 2000 are coming at us now.

Mr. **Andrews**. Well, let us talk about who will or who will not be in the class of 2000 because they are going to drop out of school before they get there.

Mr. **Lang**. Yes. If QEA works, there are too many people already in that pipeline. If major reforms took place and they do not happen overnight, there are many people that we cannot wait for the reforms in the best of worlds to happen.

Mr. **Andrews**. I appreciate that.

Freeholder Smith?

Ms. **Smith**. Very quickly, I would like to tell you about an initiative that has been proposed by Glassboro State College, with the

City of Camden, and where we suggested the use of QEA dollars to be diverted to the college since we have college-age students who are interested in participating in programs as mentors, to be able to work with the Champ Program, which has been very successful at Glassboro State, and to work some more with Upward Bound.

We have made this proposal to the administration. I think he is aware of it, also. That would help combine——

Mr. **Andrews**. I am sure it will be approved, Mr. Lang, right?

Ms. **Smith**. [continuing] the State college funds as well as being able to work with the Federal TRIO Projects. It is in the initial stages. When I last heard, we were not going to be able to take the amount of money as a bulk sum; we were going to have to negotiate with individual school districts as to take part of their funding, apply it to Glassboro State, and then be able to put it out in the program.

Mr. **Andrews**. I appreciate that. I know that President Herman James has been a real innovator in that area. Very quickly for Mr. Lomax.

The Urban League has been a leader in trying to create public-private ventures, involve corporations in education.

What kinds of things should we do in this reauthorization to make those partnerships easier to attain or more likely to occur?

Mr. **Lomax**. Well, I think just to stimulate and encourage it. You will find that many corporations are in their contribution programs are looking for specific projects and programs to tie their corporate donations to, and if the legislation speaks to corporate partnerships for educational achievement, I think you will find more and more of them doing it.

I might quickly say that we have an excellent program with Merrill Lynch for about 250 students across the country, where they have already started accounts for these youngsters when they are in the first grade because they are going to be the graduating class of 2000. Two hundred fifty kids across the country, when they graduate, when they turn 18, the money is there for them to access higher education. They are managing these funds. Each year, they are putting in an amount of money for these children and managing it.

These kinds of things are going on all over the country at the local level. You do not hear much about it, and it seems to me that if these corporate partnerships or business partnerships, as we like to refer to them, is given light of day, it may cause other companies, other organizations, like ours to do some of the kinds of programs.

I might say one other thing about earlier intervention in the math-science categories. One of the programs—one of the many programs we are doing to stimulate African-Americans to move into the math and science fields is to introduce a math-science curriculum in pre-school so that we begin to develop at that level interest in math-science concepts, and, so, we think that going forward with an increase of programs of this type, we are going to solve the problem, Congressman Payne, of having more than nine Ph.D.s receive such degrees.

Mr. **Andrews**. Thank you very much.

Mr. **Payne**. Well, I certainly would like to—we would all like to thank the panel. I think it has been extremely interesting.

You know, one of the greatest educational programs that this Nation ever had was begun in 1948. It had no defaults, everybody came out because it was the G.I. Bill, and, you know, you just went to college and the Federal Government took care of it, and we did not have the problems of defaults and paybacks and so forth. As you know, there has been a corresponding increase in defaults as there has been a corresponding decrease from grants to loans, and that is something else that I think we need to look at in this last decade when the shift changed.

So, I would just once again appreciate the excellent testimony that you have given, and thank you very much.

Mr. **Lomax**. Thank you.

Mr. **Payne**. We will now ask the final panel to come forward, please.

[Pause.]

Mr. **Payne**. Thank you.

We will start our third panel with Mr. Michael Katz, Director of Financial Services, UMDNJ, in Newark.

STATEMENT OF MICHAEL KATZ, DIRECTOR OF FINANCIAL SERVICES, UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY, NEWARK, NEW JERSEY

Mr. **Katz**. Thank you.

Let me restate my name. It is Michael Katz, and I am the University Director of Student Financial Aid at the University of Medicine and Dentistry of New Jersey. That title alone can use up my 5 minutes.

Today, UMDNJ consists of six schools that depend greatly on the availability of Federal funds to help finance the education of its students. Approximately 75 percent of all UMDNJ students receive Federal financial assistance.

There is no question that the lengthy and expensive process of a health professions education would be beyond the means of these students if it were not for Federal student financial assistance.

The issues I present today have been developed in conjunction with the Association of American Medical Colleges, the American Association of Dental Schools, and the American Association of Colleges of Osteopathic Medicine.

I agree with many of my colleagues in the undergraduate sector that grant assistance at the undergraduate level is inadequate. This means that low-income and disadvantaged students are either being over-burdened with education debts or they are foregoing a postsecondary education.

Increasing indebtedness at the undergraduate level will act as a disincentive to the pursuit of graduate-level training in the health professions, especially for low-income and minority students who continue to be under-represented in our professions.

Most of our concerns revolve around the growing level of indebtedness. To assist disadvantaged students seeking careers in health professions, the Department of Education should administer a program providing grants to institutions who support students seeking professional degrees.

For the vast majority of our students, loans are the primary source of financing their education. With expected incomes of physicians and dentists usually well above average, the use of loans to finance professional education is widely viewed as appropriate for most students.

As such, Title IV loan programs are crucial sources of financial aid for medical and dental students. Without Stafford student loans, supplemental loans for students and campus-based Perkins loans, our students would find it very difficult and in many cases impossible to finance their education.

These loan sources are often insufficient to cover the costs of medical and dental education, forcing students to obtain unsubsidized market-rate loans with terms and conditions much less favorable than the Title IV loans.

Indebtedness levels among recent UMDNJ graduates have increased in excess of 100 percent over the past decade. The average debt for a UMDNJ medical or dental graduate in the class of 1991 ranged from $41,600 to $60,408. In some cases, indebtedness levels exceeded $100,000.

Financial aid administrators are concerned that these debts are becoming unmanageable for many borrowers, particularly in the first few years of repayment, when a significant number of physicians and dentists are still in training programs.

An allopathic and osteopathic medical school graduate must complete a residency training program lasting between 3 and 7 years to become a board-certified physician. During the early years of this period, medical residents earn annual stipends ranging from $25,000 to $35,000. Some dental residents receive no stipend and others are actually required to pay tuition to defray the cost of their training.

Given the ratio of debt to income during residency, it is not surprising that loan repayment is very difficult and in some cases impossible.

The medical education community is also concerned that indebtedness may be affecting decisions about whether to pursue professional education and decisions about medical specialization.

Current shortages in the number of primary care practitioners as well as geographic manpower imbalances may be related to consequences of high debt. Although the issue of tax deductibility of student loan interest expense is not within the realm of reauthorization, it is extremely important to note the loss of this benefit has impacted the students' overall indebtedness.

To address these concerns, the following changes in the Higher Education Act are recommended:

Lengthen Title IV student loan deferments to at least 3 years. The deferment of Title IV loans ends after the second year of residency training. The period of greatest difficulty for medical residents is the period when a resident must begin to repay a high educational debt while earning a relatively low residency stipend.

For the average indebted medical resident, loan repayment costs should be about $3,500 per year, close to 14 percent of gross income. However, for the average medical resident, this is not the case.

During the third year after graduating from medical school, at a point when Title IV loans enter repayment, a typical resident is earning $28,000 per year. Repayment of an average debt requires 30 percent of the resident's gross pay per month, a figure which easily approaches 50 percent of take home pay for the pay back of educational loans.

This is the case for the average resident. Many students graduate with debts higher than average, and the percentage of take home pay required for debt repayment may push increasing numbers of residents into default.

I urge Congress to lengthen the deferment period for residents to at least 3 years. However, it is preferred that it covers the entire length of the residency program.

Increase Stafford loan limits. An increase Stafford loan limit for graduate level health profession students would protect students, particularly the economically-disadvantaged, from excessive debt upon graduation by permitting students to borrow low-interest loans instead of the more expensive market rate loans.

Congress should support an increase in the annual Stafford loan limit for graduate and professional students from the current $7,500 to $10,000. Such an increase would have a significant impact on lowering total indebtedness among our students.

The Perkins loan program is an exceptionally-beneficial loan for students and a sound investment for institutions in the Federal Government. With a statutorily-specified low interest of 5 percent, Perkins loans are an attractive Federal loan available to students.

I urge Congress to support and enhance the continuance of this program and specify in the statute that graduate and professional students should participate in the Perkins program.

I recommend that Congress encourage the aggregate borrowing limit for health profession students from $18,000 to $20,000.

I would only briefly mention some additional areas that require consideration.

Increase the annual SLS loan limits for graduate and professional students for reasons similar to those stated earlier for the Stafford loan program.

Allow the use of estimated year income rather than base year income for determining financial need among graduate and professional students.

Improve Title IV loan consolidation programs and include the HEAL Program under the loan consolidation program.

Expand eligibility for Patricia Roberts Harris graduate fellowships to include additional graduate and professional academic programs, including a service-contingent program for health profession students.

Increase funding for TRIO Programs for disadvantaged and under-represented minorities.

The above recommendations will not cure all ills. However, if implemented, they will certainly help to achieve the goals of UMDNJ and other graduate and professional institutions.

I want to thank you for the opportunity to express UMDNJ's concerns on financing health professions education and how they can be addressed in the Reauthorization of the Higher Education Act.

I encourage you to review my written testimony along with statements from National Health Professions Associations.

I look forward to working with you in the future on these and other critical student financial aid issues.

[The prepared statement of Michael Katz follows:]

TESTIMONY
REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965
HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION
FIELD HEARING, NEW BRUNSWICK, NEW JERSEY

Submitted by Michael S. Katz
University Director of Student Financial Aid
University of Medicine and Dentistry of New Jersey

My name is Michael Katz—I am the University Director of Student Financial Aid at the University of Medicine and Dentistry of New Jersey (UMDNJ). UMDNJ is a publicly supported statewide institution composed of a network of academic health care centers. Its mission is to promote professional standards of excellence among its students and health professionals in meeting the needs of New Jersey citizens through the coordination of education, research and service. It was created to consolidate all of the state's public programs in medical and dental education.

Today UMDNJ consists of six schools, New Jersey Dental School, New Jersey Medical School, Robert Wood Johnson Medical School, the School of Osteopathic Medicine, the Graduate School of Biomedical Sciences and the School of Health Related Professions. UMDNJ has depended greatly on the availability of federal funds to help finance the education of its students. Therefore, it is important to state at the outset that we believe the federal role in higher education is essential. There is no question that the lengthy and expensive process of a health professions education would be beyond the means of most students at UMDNJ if it were not for federal student financial assistance. Approximately 75% of all UMDNJ students receive financial assistance. As a key partner with states, institutions, families and students, the federal government's efforts have been focused on enhancing access and choice in higher education through the provision of student financial aid. The Higher Education Act is a fundamentally sound set of policies that has enabled millions of Americans to realize aspirations and goals that have benefitted society and the nation.

The concerns that I will present today focus specifically on those of UMDNJ and are in concert with those expressed by many of my colleagues administering aid to health professions students. They have been developed in conjunction with the Association of American Medical Colleges, the American Association of Dental Schools and the American Association of Colleges of Osteopathic Medicine.

I agree with many of my colleagues in the undergraduate sector that grant assistance at the undergraduate level is inadequate. While funding of the Pell Grant program has increased over the last decade, annual appropriations have not kept pace with increases in the cost of education and a Pell grant now covers 20 percent less of a student's college expenses than it did in 1979. This means that low-income and disadvantaged students are either being overburdened with education debts or they are foregoing a postsecondary school education. The level of default in the Guaranteed Student Loan programs is due in part to the imbalance in federal funding of grants and loans. Increasing indebtedness at the undergraduate level will act as a disincentive to the pursuit of graduate level training in the health professions, especially for low-income and minority students who continue to be underrepresented in our professions.

Most of our concerns revolve around the growing level of indebtedness incurred during allopathic, osteopathic and dental school education. This appears to being having adverse effects on access to health professions education, size of repayment burden and loan default. Indebtedness is a major concern for our schools because federal grant support is available only to a small portion of our most needy and disadvantaged students. The vast majority of medical and dental students borrow to finance their education. Federal grant support for our students is available through two modest programs administered by the Department of Health and Human Services.

The Department of Education plays a significant role in awarding financial aid to graduate and professional students. The Department of Education's post-baccalaureate programs address both the nation's human resources needs and the expansion of individual opportunity. Professional education provides access to careers critically important to the nation. The Department of Education can play a distinctive federal role in supporting health professions education by focusing on enhancing the quality and diversity of health professions schools across the country through more grant assistance to students. To assist disadvantaged students seeking careers in the health professions, the Department should administer a program providing grants to institutions to support students seeking professional degrees.

For the vast majority of our students loans are the primary source of financing their education. With expected incomes of physicians and dentists usually well above average, the use of loans to finance professional education is widely viewed as appropriate for most students. As such, Title IV loan programs are crucial sources of financial aid for medical and dental students. Without Stafford Student Loans, Supplemental Loans for Students and campus-based Perkins Loans, our students would find it very difficult, and in many cases, impossible to finance their education. These loan sources are often insufficient to cover the costs of medical and dental education forcing students to obtain unsubsidized, market-rate loans with terms and conditions much less favorable than the Title IV loans. The high-cost Health Education Assistance Loan (HEAL) program administered by the Department of Health and Human Services supplements Title IV financing for approximately 20% of all medical and dental students at UMDNJ.

Indebtedness levels among recent UMDNJ graduates have increased in excess of 100% over the past decade. The average debt for a UMDNJ medical or dental graduate in the Class of 1991 ranged from $41,600 to $60,408. In some cases indebtedness levels exceeded $100,000. Financial aid administrators are concerned that these debts are becoming unmanageable for many borrowers, particularly in the first few years of repayment when a significant number of physicians and dentists are still in training programs. An allopathic and osteopathic medical school graduate must complete a residency training program, lasting between three and seven years to become a board-certified physician. During the early years of this period, medical residents earn annual stipends ranging from $25,000 to $35,000. Some dental residents receive no stipend and others are actually required to pay tuition to defray the cost of their training. Given the ratio of debt to income during residency, it is not surprising that loan repayment is very difficult and in some cases impossible.

The medical education community is also concerned that indebtedness may be affecting decisions about whether to pursue professional education and decisions about medical specialization. Current shortages in the number of primary care practitioners as well as geographic manpower imbalances may be related to consequences of high debt. The impact of indebtedness on default is also a concern that is heightened with respect to the Health Education Assistance Loan (HEAL) program. For the first time last year, federal funds were appropriated to keep solvent the previously self-financed HEAL student loan insurance fund. Although the issue of tax deductibility of student loan interest expense is not within the realm of reauthorization it is extremely important to note the loss of this benefit has impacted the student's cost of education and overall indebtedness. Bills have been introduced to once again allow the deduction of student loan interest and UMDNJ is following them closely.

To address these concerns the following changes to the Higher Education Act are recommended:

Lengthen Title IV student loan deferments to at least three years: The deferment of Title IV loans ends after the second year of residency training. Although provisions have been made to assist medical students through the institution of mandatory forbearance, this option is more costly to students than deferment because during forbearance interest that must be paid by the borrower accrues on the total amount of the loan. Thus, a significant number of residents face unmanageable loan repayment during their residency training. Extending the deferment period beyond two years can assist residents by structuring repayment to the time when they have completed their training and thus have the ability to repay their loans. The period of greatest difficulty for a medical resident is the period when a resident must begin to repay a high educational debt while earning a relatively low residency stipend. For the average indebted medical resident, loan repayment costs should be about $3,500 per year, close to 14% of gross income. However, for the average medical resident this is not the case. During the third year after graduating from medical school, at a point when Title IV loans enter repayment, a typical resident is earning $28,000 per year. Repayment of an average debt requires over 30 percent of the resident's gross pay per month - a figure which easily approaches 50 percent of take-home pay - for the payback of educational loans. This is the case for an average resident. Many students graduate with debts higher than average and the percentage of take-home pay required for debt repayment may push increasing numbers of residents into default. I urge Congress to lengthen the deferment period for residents to at least three years and preferably for the entire length of the residency program.

Increase Stafford Loan limits: An increased Stafford Loan limit for graduate level health professions students would protect students, particularly the economically disadvantaged, from excessive debt upon graduation, by permitting students to borrow low interest loans instead of the more expensive market rate loans. Congress should support an increase in the annual Stafford loan limit for graduate and professional students from the current $7,500 to $10,000. Such an increase would have a significant impact on lowering total indebtedness among our students.

Increase SLS Loan limits: The Supplemental Loans for Students (SLS) program has provided an essential loan resource for funding medical and dental students who have borrowed the annual maximum under the Stafford Loan program. SLS interest is not subsidized, except when it exceeds 12 percent and therefore costs the federal government relatively little. It has the advantage of being eligible for consolidation with other Title IV loans during repayment. A student is not required to demonstrate financial need, other than Stafford Loan eligibility, which allows middle-income borrowers access to additional funds necessary to finance their education. Increasing the annual SLS limit from $4,000 to $15,000 for graduate and professional students would enable these students not to rely heavily on higher interest bearing loans, and in effect, reduce their overall indebtedness.

Perkins Loan Program: The Perkins Loan program is an exceptionally beneficial loan for students and a sound investment for institutions and the federal government. With a statutorily specified low interest rate of 5 percent, Perkins loans are an attractive federal loan available to students. I urge Congress to support and enhance the continuance of this program and specify in the statute that graduate and professional students should participate in the Perkins program. Moreover, in recognizing the erosion in the value of loans due to inflation over the past decade, an increase in the Perkins Loan limit will assist economically disadvantaged graduate and professional students in their initial educational years. I recommend that Congress increase the aggregate borrowing limit for health professions students from $18,000 to $20,000.

Allow the use of Estimated-Year income for determining financial need among graduate and professional students: The use of base-year income penalizes a large proportion of post-baccalaureate students who have worked for a year or more after completing their undergraduate education. Financial aid administrators have authority to exercise professional judgement and use projected current year income when they believe it would provide a more appropriate determination of a student's expected contribution. This authority is crucial, but since the use of base-year income is inappropriate for so many graduate and professional students, use of current year estimates should be the rule. Professional judgement should be applied to the exceptions where base-year income would be more appropriate.

Improve Title IV Loan Consolidation Programs and include the HEAL program under the Loan Consolidation Program: The purpose of a consolidation loan is to simplify loan repayment and at the same time reduce the size of monthly payments by increasing the number of repayment years. Typically, the monthly payments are lower after consolidation than they would be in aggregate for borrowers with multiple loans, and, consequently, has the effect of reducing borrower default. Currently, the Health Education Assistance Loan (HEAL) is excluded from eligible loans for consolidation. The inclusion of the HEAL loan in eligible loans for consolidation could ease the payment burden for health professions loan borrowers with heavy student loan debt, and, thereby, decrease federal loan default costs.

Patricia Roberts Harris Graduate Fellowships (Title IX-B): The Department of Education administers two Harris graduate programs. The program has provided valuable assistance to colleges and universities in attracting underrepresented students into post-baccalaureate programs. The Harris Graduate Fellowship Program awards grants to support master's programs and selected professional programs. The Harris program should be increased to award grant aid to an expanded population of graduate and professional students. The Harris Public Service Fellowship program should provide grant assistance to health professions students who agree to serve in a nationally defined health professions shortage area.

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Increase Funding for Title III and TRIO Programs for disadvantaged and underrepresented minorities: Minorities are underrepresented in the health professions. Early intervention programs are crucial in expanding the applicant pool of disadvantaged and minority students. Funding of these programs is critical to the professional sector's efforts to ensure equal educational opportunity and to expand minority representation in the health professions. Significant increases in support available through these programs should receive a high priority in reauthorization discussions.

I want to thank you for the opportunity to express UMDNJ's views on reauthorization of the Higher Education Act. We look forward to working with you on health professions student financial aid issues.

Mr. **Payne**. Thank you very much.

We will next hear from Mr. Marvin Greenberg, Senior Vice President, Rutgers University, Department of Program Development and Budget.

STATEMENT OF MARVIN GREENBERG, SENIOR VICE PRESIDENT, PROGRAM DEVELOPMENT AND BUDGET, RUTGERS STATE UNIVERSITY OF NEW JERSEY, NEW BRUNSWICK, NEW JERSEY

Mr. **Greenberg**. Mr. Chairman, Congresswoman Roukema, Congressman Andrews.

I am Marvin Greenberg, Senior Vice President for Program Development, Budgeting and Student Services at Rutgers, and I very much appreciate the opportunity to speak to you today on the possibilities of alternative delivery of Stafford loans with less complexity for students and colleges at a lower cost to the Federal Government.

At Rutgers last year, we had about 6,000 guaranteed student loan recipients with loans totalling more than $17 million. The process of making this very important aid available to students is redundant, complex and costly.

I will not go through the statements that are in my testimony, which you have, which describes the typical process for obtaining student aid. You know about the filing of a financial aid form and the trail that that takes to a processor who provides information about the student and family's ability to make a contribution and so on.

What happens after that, as you are well aware, is that the institution then makes the package of aid, a grant, a loan, college work study, State aid, and institutional aid.

When a Stafford loan is sought, a student then must go to a bank, obtain a form, have the loan amount certified by the institution, go back to the bank, have the loan made, have the loan approved by a guarantor, pay a 5 percent origination fee, a 1 percent insurance fee, the Federal Government pays the guarantee agency 1 percent for administrative costs, and then the loan is made.

Now, from a nuts and bolts standpoint, each one of these places is an opportunity for something to get lost, go wrong, and have delay. The capital for these loans, as you know, as borrowed from banks who receive from the Federal Government an incentive payment of 3.25 percent, and the student who enters, let us say, Bergen County Community College, Congresswoman Roukema, in your district, and then attends Rutgers-Newark, in your district, Congressman Payne, and perhaps Rutgers-Camden Law School in your district, Congressman Andrews, may borrow from three different banks, have his or her loan sent—sold to secondary markets and then have a plethora of consolidation questions and problems in this process, and I am not giving you an atypical situation.

From an institutional standpoint, we have to deal potentially and many of us do with 50 guarantee agencies and there are 13,000 lenders. Obviously, we do not deal with every one of those, but in a practical sense, we get thousands of individual checks made payable to students and the institution. We have to handle all of that paper, more than once in an institution, and there is the possibility always for delay with the student aid officer often being the butt of the students' unhappiness because of delays and lost paper.

What I am suggesting is an alternative plan whereby as the Perkins loan currently is made available through institutions, that the borrowing be done, as I understand it, under the Credit Reform Act that Congress passed a year or so ago, with the Federal Government borrowing through Treasury Bills sales no payment of the incentive of 3.25 percent to the banks, no insurance guarantee because the Federal Government owns the loan, through the institution in the same fashion in which the institution now processes Federal grant, loan, college work study and other aid, to the student.

That would eliminate a great deal of paper, a great deal of delay, and considerable costs. Now, I do not profess to be an expert in how the Federal Government does its budgeting. In looking into this, I have found, may I say, strange without trying to offend anyone, but someone who knows more about it—someone who knows more about it than I, Tom Butts, who was a policy advisor and deputy assistant secretary for student assistance in the Department of Education, from 1977 to 1981, has estimated that there might be about a billion dollars saving to the taxpayer in the first year for this program.

Beyond that, there is the very clear saving to institutions in processing costs and the simplicity for students.

I would suggest that the committee consider also, and this goes, Congresswoman Roukema, to your point about defaults, tying the repayment back in an income-contingent fashion, as Mr. Katz has indicated, in the early years of certain professions, there is low earning, but there are professions where after a time there is high earning, and a payment back on a contingency basis so these monies can be recycled back to other students would be certainly an advantage, and tying it to the IRS system where everyone, most people, eventually will go will also enhance the ability to lower the defaults.

Now, this does not relieve the colleges. What I am proposing does not relieve the colleges of the responsibility at the front end of counselling students not to take loans if they do not need them, and to counsel them when they graduate or when they depart from college about their obligations in repayment.

We have given you some literature from Rutgers, including a booklet on the repayment of Federal loans. Every institution has something like this which indicates the schedule and obligations of the students, and we would continue to be responsible for that, for notification of the government when the student left school or continues in school, and also the other obligations that we have.

I suggest that the collection process might be done by the U.S. Office of Education through guarantee agencies. In New Jersey, we have an excellent guarantee agency with a very low default rate, and that there be by the Congress some provision for administrative costs by USOE, by the institutions, and the increasing use of electronic data processing that would benefit students and institutions for more rapid information.

And, finally, I want to point out that as I see it from a narrow perspective of an institution that serves students, this is a win-win proposition, and I hope you would consider it.

Thank you.

[The prepared statement of Marvin Greenberg follows:]

21 JUNE 1991

STATEMENT BEFORE THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION OF THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON EDUCATION AND LABOR

BY MARVIN W. GREENBERG, SENIOR VICE PRESIDENT FOR
PROGRAM DEVELOPMENT, BUDGETING AND STUDENT SERVICES

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Congressman Andrews and Payne, and Congresswoman Roukema:

I very much appreciate the opportunity to address you today on the possibilities of alternative delivery of Stafford Loans with less complexity for students and colleges and at a lower cost to the Federal Government.

At Rutgers in the past year, there were approximately 6,000 Guaranteed Student Loans totalling more than $17 million. The process of making this vitally important aid available to students is redundant and costly.

Let me explain the current process. In order to obtain any financial aid, a student must complete a Financial Aid Form (FAF) and submit it to a processing agency that sends a Financial Aid Form Need Analysis Report (FAFNAR) to each college to which a student is applying.

That report indicates the student family's resources and student need and is the basis of awarding most federal, state and institutional aid.

However, in order to obtain a Stafford Student Loan, the student must obtain a separate form from a bank or other lender (there are about 13,000 lenders nationally), have the college financial aid office certify eligibility for a loan amount, send the form to a guarantee agency (there are more than 50 guarantee agencies nationally), obtain approval for the loan and then wait for it to be processed by the lender.

There are costs for this additional processing. First, there is an origination fee of five percent of the loan. Then, the guarantee agency may charge from one to three percent for insurance and an additional one percent for administration.

The cost of obtaining the loan capital is most significant. Presently, there is a loan incentive to banks and other lenders of 3.25 percent above the current Treasury 91 day bill rate.

There are additional complicating factors. For example, a student may transfer from one college to another, may continue graduate education in another state, may borrow from different lenders, may have his or her loans sold by the original lenders in one of several secondary markets, or may encounter any number of delays in receiving funds owing to the many steps outside the college being attended.

At each step of the process the potential exists for errors and delays and there is a need for special financial aid transcripts and record consolidations.

AN ALTERNATIVE-DIRECT LOANS THROUGH INSTITUTIONS

There is a better, more simple, less costly way to provide Stafford loans to students. That is, directly through the same college financial aid office process that awards Pell Grants, College Work Study funds, Supplemental Educational Opportunity Grants (SEOG), Perkins Loans and state student aid.

Under this model, the student would complete the same Financial Aid Form as is done currently. But instead of going to a bank and paying a five percent origination fee, a one to three percent insurance fee and a one percent administrative cost allowance to a guarantee agency, and then waiting for a check to come to a college that would have to receive and deposit the check so that it could disburse funds to the student, the student would have the appropriate guaranteed loan disbursed by the college immediately with other student aid.

Funds for the loans, now obtained by providing special incentives of 3.25 percent above the 91 day Treasury bill rate to lenders, would be borrowed by the Federal government by selling Treasury bills and delivered to the colleges directly, based on existing Pell or new formulas.

Owing to credit reform provisions of the Budget Reconciliation Act of 1990, only the annual cost of the loan--the interest subsidy while the student is enrolled in college and the administrative costs--would be included in the Federal budget and deficit.

There would be no need for the student to pay the five percent origination fee and the one to three percent insurance fee as the Federal government would own the loan at the outset.

There are other advantages as well. The loan funds would become available to the needy student in a timely fashion. Tuition fees, room and board charges could be paid automatically. The college would not be burdened with additional administration costs through special, separate certifications to lenders, transactions with guarantee agencies and the handling of individual checks from different lenders.

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The student who borrowed from different lenders would have all of his or her loans consolidated and would not be required to produce multiple financial aid transcripts should he or she transfer from a junior or senior college to another senior college or graduate school. In addition, the student would not be confronted with the prospect of having different loans sold through secondary markets to different repayment agencies.

Having only one repayment agency, the Federal government, or a state or private commercial agency designated by the U.S. Office of Education, would enable the student to arrange a single repayment plan.

In summary, for the student there would be simplification, reduced cost and timely delivery. For the college there also would be simplification and less needless processing. For the Federal government there would be less cost.

The responsibilities of colleges to counsel students, obtain promissory notes, report continued enrollment and hold information sessions on repayment would continue as they exist. Having a single agency responsible for repayment would make loan collection and defaults less of a problem.

There is a case to be made for support of the administrative costs at the Office of Education and to processors of loan repayments and collections as well as to institutions to assist in further improvements in delivery of student aid. The use of electronic data transfer nationally would benefit students and institutions as well as speed Federal information needs.

Where current guarantee agencies are effective, as is the case in New Jersey, the Office of Education might find it useful to arrange contracts for loan repayment, collection and service to small colleges in administration of direct loan programs.

However it finally comes out, the use of a direct Stafford Student Loan is a win -- win proposition for the student, the Federal government and the colleges. I urge your support of this idea.

Mr. **Payne**. Thank you very much.

We will now hear from Mrs. Andrea from the University of Drew, Director of Financial Aid.

Nice to have you with us.

STATEMENT OF FRANCINE L. ANDREA, UNIVERSITY DIRECTOR OF FINANCIAL AID, DREW UNIVERSITY, MADISON, NEW JERSEY

Ms. **Andrea**. Thank you, Chairman Payne.

Mr. **Payne**. Right. Why do you not take the mike, and you can thank me again so everybody can hear you.

Ms. **Andrea**. Oh, I have one more in my presentation. That is quite all right.

Good afternoon, Chairman Payne, Congresswoman Roukema and Congressman Andrews.

I am the University Director of Financial Assistance at Drew University in Madison, New Jersey, and I am pleased to be here today for a few reasons.

Let me first personally thank you, the present Congress, and those that served before you for the initial legislation of the Higher Education Act, for without it, I would not be seated in front of you.

I am a product of the intent of the law with national defense student loans and Federal college work study loans as part of my portfolio.

Drew University has asked me to speak with you today on behalf of the students, parents and educators. We service 2,200 college graduate and theological seminarians from 46 States with approximately 46 percent from the State of New Jersey.

The areas I want to discuss with you today are the Pell Grant program, simplification and delivery, and the equity system, treatment of middle-income families.

Drew's tuitions and fees complemented by our financial aid policy ensures that students from all avenues of life have the opportunity to choose the educational institution that suits their needs and future objectives.

The resources that compromise what I affectionately refer to as the "partnership for investment in postsecondary access" are between the Federal Government and the State government and this individual campus with the Federal and State governments generating $3.5 million and with Drew providing $5.6 million.

We must recognize, however, that the purchasing power of Federal grant assistance has eroded in the last decade. Our students and parents are grateful for their Federal aid and fully realize where these funds come from. However, many question why they receive relatively low amounts of Federal assistance. These are working families of low and moderate income.

The treatment of middle-income families by the Pell Grant program definitely has to be examined as we look at reauthorization. When I speak of middle-income families, I am referring to those whose family income is less than $49,615. This figure was derived by the National Association of Independent Colleges and Universities, and it was based upon the $25,000 family income adjusted to current dollar used by Congress when it passed the Middle-Income Student Assistance Act in 1978.

Currently, student eligibility for the Pell Grant program drops off sharply for students with family incomes below $35,000, and I would like to use my institution as an example.

In 1990-91, a total of a 174 Drew students, 26 percent of our total aid population, received a Pell Grant. The average family income for our dependent Pell Grant recipients was $21,801. For independent students, the average family income was $6,444. Only 17 or 9.8 percent of our Pell Grant recipients had 1989 family incomes over $35,000. Of the 16 dependent students in this group, the mean family size was 5.4, the mean number in college was 2.5, and the family income was $41,516.

The 14 families of these 16 students had average cash and savings of $1,541. The mean home equity of the 10 families in this group, only 10, who owned a home was $52,000. It is obvious to me that these families are living paycheck to paycheck. They have little ready cash for direct educational costs.

Their Pell Grant awards constituted less than 4 percent of their financial need for 1990-91. Had these students not had siblings who were also attending college, they probably would have been ineligible for the Pell Grant.

It is worth noting here, too, that two of our Pell Grant recipients qualified for the maximum award based upon family incomes of $5,275 and $4,027 respectively. However, as a result of the use of professional judgment by the campus, for all other programs, the family incomes for these students were adjusted to $37,475 and $46,490.

Since the use of professional judgment is currently prohibited for the Pell Grant program, these students were eligible for large awards. I truly question whether such treatment of our Nation's Pell Grant resources is being used to the best advantage.

I fully endorse the American Council on Education's proposal to increase the maximum award to at least $4,000.

I agree with you, Congresswoman Roukema, home equity in the needs analysis is a major concern for many families in the entire Northeast. I believe complete elimination of home equity from the analysis for campus-based programs would be, unfortunately, inequitable for all students.

However, I do believe and I do endorse the college scholarship announcement proposals to cap home value at three times that of income for campus-based use. For loan eligibility, I am an advocate of removing equity from the eligibility for loans.

Middle-income families are being hurt deeply without the ability of removing their home value and their assets for eligibility for Federal loan programs.

Simplification. Sy Syms says "an educated consumer is your best customer." Well, who can be educated and be a consumer in this process? Simplification is more than the form design. It is methodology, administration and information.

The consensus among many sectors within the aid community has never been stronger with respect to five components of simplification. Now, I have a broad definition of simplification. Okay.

How we determine dependency status. Greater reliance on the use of professional judgment. The removal of the dislocated worker and displaced homemaker from the application and the analysis process. How we treat veterans benefits, they should be a resource, and how we treat dependent students' base year earnings.

I want to elaborate on one, determining dependency status, and I think you will see why.

The area of this application, this one section is the most complicated for our parents and our students, especially low-income disadvantaged students who throw their hands in the air and either give up or complete it completely incorrectly.

We need to preserve the criteria, the automatic criteria, for 24 years of age or older, veteran status, orphans awards to the court, or dependents other than spouses. We need to make our professional and graduate students to establish independency automatically without the reference to any other conditional criteria, but we must eliminate all the other conditional criteria.

Allow aid administrators to exercise professional judgment, to classify as independent those students who truly meet any of the automatic criteria and also are genuinely self-supporting.

Revising the dependency criteria immediately removes three-quarters of the page from the financial aid application. Thus, there is less confusion for parents, for students, for guidance people, and anyone who has to administer the programs.

As an individual aid officer, I believe we must take simplification even further and recognize poor is poor. In my mind, the answer is not continuing to use the simplified needs test, which asks many questions. It should be to automatically identify needy families who qualify for full assistance. To accomplish this, we must be willing, we meaning all parties within the process, to permit certain filers the opportunity to provide only basic demographic data and skip all the income and assets that we ask of them now.

This population can easily be defined as those parents of dependent filers who either do not file a tax return, who file a 1040EZ or 1040A, and whose taxable, total taxable income is below $20,000. Identifying families in this manner will also prevent the programs from being reviewed as an addendum to the AFDC and welfare programs that the Nation currently provides.

The total family contribution for automatic qualifiers would be the minimum expected contribution from student earnings. We do not want to deter our students from understanding that they have part in this process. It is extremely important to recognize that this proposed simplification does not create a new population of students with higher needs. We are dealing with those we currently have or we are not reaching.

Another factor that complicates every aspect of the needs analysis and eligibility determination process is our continuing use of two methodologies. We use the Pell Grant methodology to come up with your Pell Grant index. We use the Congressional Methodology to tell us what you can get from everything else that we possibly distribute.

Two separate but similar calculations and they are not necessary. Families find the formulas confusing. The reality is that they believe when they receive a SAR in the mail and it states that they are ineligible for Pell Grant, they are also ineligible for anything else the Federal Government offers them, and that is before we in the aid office have the opportunity even to deal with the student.

Aid administrators as well find this burdensome. I endorse the proposals of the full integration of the Pell formula and the Congressional Methodology into a single formula.

To complete the refinements within the Higher Education Act, the form and the process, I would be remiss if I did not address the burdens thrust on all institutions, an ordinate amount of regulatory controls.

No practitioner would claim that regulations, consistency and standards are unnecessary with programs of this magnitude, but there has to be a better way. What I have done in my paper is suggest some changes for you.

We as institutions welcome reviews that are done fairly and justly, that keep all of us in accordance with proper practices and procedures. Consistency in the timing of those reviews are of an invaluable amount in the consideration of what we have to do. We are very concerned that those are applied fairly.

I do want to mention one other part before I conclude, the PLUS Loan Program. The parent loan program facilitates parental borrowing to meet expected contributions. We need to recognize the increased cash flow problems our middle-income families and moderate families are experiencing. We need to remove the current $4,000 borrowing limits on the PLUS Program.

With credit checks required now on the behalf of lenders for the families, why not let lenders set the maximum eligibility knowing the pre-payment obligations that family must make?

I know there are no simple answers to complex questions. I hope I have assisted with some.

I thank you very much for the opportunity to speak.

[The prepared statement of Francine L. Andrea follows:]

STATEMENT

OF

FRANCINE L. ANDREA, UNIVERSITY DIRECTOR
OFFICE OF FINANCIAL ASSISTANCE
DREW UNIVERSITY

ON THE
REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

BEFORE THE

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 21,1991

Good morning Mr. Chairman and members of the subcommittee. I am quite pleased to speak before you today offering testimony regarding the reauthorization of the higher education act. Before I address this most critical issue, let me personally thank you, the present Congress, and those that served before you for the initial legislation of the higher education act, for without it I would not be seated in front of you. I am a product of the intent of the law, with National Defense Student Loans and federal College Work Study program funds as a portion of my portfolio. I have been a practitioner for twelve (12) years, a leader in the state and eastern region professional associations and a public servant conducting more than two dozen high school workshops each year. It is in this capacity I address you today, representing the students, parents, and educators of Drew University. This University services 2200 students from forty-six states and fifty foreign countries with approximately forty-six percent of our population from the state of New Jersey. Drew is a predominantly residential campus with most of its 1500 undergraduates and some 50 percent of its 375 theological school students and 325 graduate school students living on campus. The areas I will discuss today are those that will effect their lives and those of your constituents now and into the next decade; The Pell Grant Program, the simplification of the delivery and equity system, treatment of middle income families and regulatory relief.

Drew's tuition and fees complemented by our financial aid policy ensures that students from all avenues of life have the opportunity to choose the educational institution that suits their needs and future objectives. In 1990-91 sixty-one percent of the college, eighty-one percent of the graduate students, and seventy-four percent of the theological students received some form of financial assistance. The resources that comprise what I affectionately refer to as "the partnership for the investment in postsecondary access" (which assists in achieving national goals of equal opportunity, social justice and economic competitiveness), between federal and state governments and individual campuses, with the federal and state governments generating 3.5 million dollars and with Drew providing 5.6 million dollars. We as an institution have demonstrated our overwhelming commitment to the educational goals of our students with our continuous increase of our own resources. At New Jersey's independent colleges, for example, the institutional funds for grants to needy students has increased from just over $1,000,000 in 1976 to $64,100,000 in 1990 - an increase of more than 600 percent. Over the same period, Pell Grant funds grew from approximately $4,830,000 in 1976 to a high of $16,000,000 in 1980, and steadily declined to a level of $9,660,000 in 1990. This represents an overall percentage increase of just over 50 percent over the same fourteen-year period.

The federal role in postsecondary education is vital. We must recognize that the purchasing power of federal grant assistance has eroded in the last decade and even with some institutions contributing large amounts of their own resources, reliance on loans as a primary source of student aid has become a reality. Grant assistance must regain its place as the primary vehicle for access to higher education for our lowest income disadvantaged students. Our students and parents are grateful for their federal aid and fully realize where these funds come from. However, many families question my staff regarding the relatively low amounts of their federal aid; these are working families of moderate incomes whose vision of the federal role is one that expands eligibility for federal grants, improves the balance between grants and loans, and modifies the treatment of home assets in the calculation of at least loan eligibility.

Pell Grant

The treatment of "middle income" families by the Pell Grant Program offers a clear example of the type of problems I have discussed above. When I speak of "middle income" families, I am referring to those whose family income is less than $49,615. This figure was derived by the National Association of Independent Colleges and Universities (NAICU), and it is based upon the $25,000 family income (adjusted to current dollars) used by Congress when it passed the Middle Income Student Assistance Act (MISAA) in 1978.

Currently, student eligibility for the Pell Grant Program drops off sharply for students with family incomes below $35,000 -- and students with family incomes much above $28,000 generally receive only a nominal grant. Let me illustrate this point using data from my own institution.

In 1990-91, a total of 174 Drew University students (26% of our total number of aid recipients) received a Pell Grant. The average family income for our dependent Pell Grant recipients was $21,801; for independent students, the average family income was $6,444.

Only seventeen (17), or 9.8 percent of our Pell Grant recipients had 1989 family incomes over $35,000. Of the sixteen (16) dependent students with family incomes in excess of $35,000, the mean family size was 5.4, the mean number in college was 2.5, and the mean family income was $41,516. The fourteen (14) families of these sixteen (16) dependent students had average cash and savings of $1541. The mean home equity of the ten (10) families in this group who owned homes was $52,055. It is obvious to me that these families are surviving from paycheck to paycheck. They have little ready cash for direct educational costs.

The average Pell Grant received by dependent students with family incomes in excess of $35,000 was $655. The average financial need for these same dependent students was $16,808. Their Pell Grant award constituted less than four percent (4%) of their financial need for the 1990-91 academic year. Had these students not had siblings who also were attending college, or had their families had significant equity in their assets, it is probable that most, if not all, of these students would have been ineligible for the Pell Grant.

It is worth noting here that two of our Pell Grant recipients qualified for $2300 and $2250 based upon family incomes of $5275 and $4027 respectively. However, as a result of the use of professional judgment for the campus-based, guaranteed loan and institutional aid programs, the family incomes for these two students were adjusted to $37,475 and $46,490. Since the use of professional judgment is currently prohibited for the Pell Grant Program, these students were eligible for large Pell Grants. I question whether such treatment uses our nation's Pell Grant resources to the best advantage.

I fully endorse the American Council on Education's proposal to increase the maximum award to at least $4000 [$2500 for living expenses and up to $1500 for tuition, limited to 25 percent of tuition]. The effects of the proposal would be to increase support for the neediest students, provide more realistic living-expense budgets and greater tuition sensitivity, and recoup inflationary losses in the Pell Grant's purchasing power over the last decade.

To illustrate the effect of this recommendation on the maximum Pell Grant eligibility, let us consider a county college with a tuition cost of $1150 and an independent university with a tuition cost of $16,200. Both institutions are located in the northeast, where the expected living expenses for a student exceed $2500 for the academic year. A full time student who qualifies for a maximum Pell Grant under the proposal above would receive a $2788 Pell Grant at the community college. At the independent university, the student's Pell Grant would be $4000. This student would most likely qualify for a maximum New Jersey Tuition Aid Grant of $1150 at the county college and $4580 at the independent college. Grant assistance for Pell and state government would provide in excess of 100% of the students tuition at the county college - the overage being used to assist in paying for books/supplies and living expenses. At the independent university, approximately 53% of the students tuition would be founded from Pell and state government, leaving the balance of tuition plus books/supplies and living expenses to be met through campus-based, institutional and guaranteed loan programs. Both students would be in much better positions to meet the costs of their postsecondary education.

This scenario provides an excellent example of the partnership, working effectively to provide access to low and middle income families.

Home Equity

The use of home equity in the need analysis is a major concern for many families. I believe complete elimination of home equity from the analysis for campus based programs would be inequitable for other students, I therefore endorse the CSS proposal to cap home value at three times income. The methodology would compute home equity using either the reported home value minus the mortgage or the total income times three minus the mortgage, whichever is lower. Such a treatment would provide some relief to families whose home values in "boom markets" have far outstripped their true incomes, while maintaining equity between homeowners and renters.

Simplification

One of the most difficult challenges of this reauthorization is to simplify the delivery of aid while preserving equity in the distribution of dollars. In light of our continuously changing student population, the economy and the family structure, balancing these two is tough. Simplification is more than the form design, it is methodology, administration and information. The partnership I mentioned earlier, now more than ever, must focus on all these areas under the rubric "simplification" . The consensus among all sectors within the aid community has never been stronger with respect to the following five components of simplification:

1. Determining dependency status. This area of the application is where most of our parents and students, especially low income disadvantaged students throw their hands in the air and either give up or complete it incorrectly.

* Preserve the automatic criteria of age 24 or older, veteran status, orphan or ward of the court, or dependents other than a spouse - but change the date on which age 24 must be established from January 1 to July 1 to correspond with the award cycle.

* Permit graduate and professional students to establish

independence automatically without reference to any other conditional criteria.

- Eliminate all conditional criteria.
- Allow aid administrators to exercise their professional judgement to classify as independent those students who do not meet any of the automatic criteria but who are genuinely self-supporting.

The effects this one proposal would have are numerous. First, revising the dependency criteria immediately removes three quarters of a page from the application. Thus, there will be less confusion for parents and students. Second, no new inequities would be introduced into the system. According to an analysis of a 10,000 case sample drawn from the College Scholarship Service's (CSS) 1990-91 filing population, approximately 85 percent of the files establish their independence based on the automatic criteria:

Table 1. Impact of Independent Student Criteria

	% Filers Establishing Independence
Over Age 24	76.6
Veteran	1.3
Orphan/ward of the court	1.3
Legal dependents	5.4
Undergraduate conditional criteria	8.7
Graduate/married conditional criteria	5.7
Professional judgment	1.0

The CSS data also suggests that an estimated 10.5 percent of the independent filers may very well become dependent, unless professional judgment is used. The result is a simpler definition to understand, explain, and administer.

2. Place a greater reliance on the professional judgement of the aid administrators. Eliminate the dislocated and displaced homemaker questions from the application and the formulas from need analysis. Instead, permit financial aid administrators to use their judgment to identify those who qualify and then permit the filing of Pell special condition applications for these cases.

An analysis of CSS's 1990-91 filing population reveals that very few dependent filers' parents meet the criteria for dislocated-worker status. Most aid administrators want to extend special treatment to a student whose father has just lost his job or who was herself a displaced homemaker, and affording special consideration to some students should not require cluttering up the form for all.

3. Under the Education Amendments of 1986, financial aid administrators were granted the authority to make adjustments to both the Expected Family Contribution for campus based programs, Stafford and Pell, through the use of professional judgement. The authority to adjust Pell has been rescinded. This has resulted in different treatment for the various programs, inequity for needy students, and unnecessary administrative burdens. To achieve simplicity and equity, the ability to use professional judgement to adjust Pell grants must be restored. Assuming the dual methodologies are combined into one and discussed later in the presentation, the professional judgement applied to the Expected Family Contribution from the one new

formula would apply to all programs.

4. Currently, depending on the type of need analysis the student qualifies for simple, regular, etc., veterans benefits are treated differently. Since this is confusing to the recipient, and that much more cumbersome to administer, I recommend removing veterans benefits from the need analysis formulas and treat all such benefits consistently as a resource available to the student.

5. The Congressional Methodology contains one inequity which is its treatment of dependent students base-year income. I recommend reducing the taxation rate on base-year income by 20 percentage points from 70 percent to 50 percent from current levels for dependent students. This is a more realistic approach.

As an individual aid officer, I believe we must take simplification even further and recognize that "poor is poor". In my mind the answer is not in continuing to use the Simple Needs Test which asks many questions, but it should be to automatically identify needy families who qualify for full assistance. To accomplish this we must be willing to permit certain filers the opportunity to provide only basic demographic data and skip all income and asset questions. This population can easily be defined as those parents of dependent filers who either do not file a 1040 or who file a 1040EZ or 1040A and whose total taxable income is below $20,000. Identifying families in this manner will prevent the programs from being viewed as an addendum to the AFDC program. For independent filers, those students who receive only untaxed income, would be granted automatic access to all programs. The Total Family Contribution (TFC) for "automatic" qualifiers would be a minimum expected contribution for student earnings. It is extremely important to recognize that this proposed simplification does not create a new population of students with higher need. What it does accomplish is to eliminate the complex process that allows such families to gain access to the funds they need to make postsecondary education a viable choice for their children or themselves.

Many of the students whose family incomes I cite above are those whom we all concur we have not been able to reach. Those for whom access has not become a reality--the low income disadvantaged student. Hopefully, this approach will be one step in the right direction.

When I discuss the initial application and our partnership goals I can not ignore the renewal application process. Currently a student must reapply each year providing detailed information, much reiterated from the prior academic year. To end this labor intensive process, I support the creation and distribution of what could be entitled a "Confirmation Application", developed by the Multiple Data Entrys (MDE) forwarded directly to the students requesting confirmation of the prior year's applicant data. This same form would require an updating of income information and unless significant changes in family circumstance occurred no updated information would be required. If a student transfers, they would be required to complete an initial application for assistance from the new institution. This streamlined approach would expedite the delivery of scholarship information and resources to the students, and for practitioners and guidance office personnel it would decrease the public relations nightmare that has long surrounded returning student processing.

I recommend excluding parents from the number-in-college adjustment, but I would permit financial aid administrators to exercise professional judgment by accounting for their unreimbursed direct educational expenses as an allowance against income, provided that the parents are enrolled in degree or certificate programs. This is a more progressive treatment of families in varying economic circumstances whose parents are enrolled in postsecondary education than is current practice.

Another factor that complicates every aspect of the need analysis and eligibility determination process, despite the addition of need analysis methodology to federal statute in 1986, is our continuing use of two methodologies:

* The Pell Grant formula which produces the "Pell Grant Index"(PGI).

*The Congressional Methodology formula which produces the "Family Contribution" for the awarding of all other campus-based and Stafford loan funds.

With the goal of simplification in mind, two separate yet similar calculations are not necessary. Families find the formulas confusing. The reality is that they believe ineligibility for Pell grant as stated on the Student Aid Report (SAR), means ineligibility for all federal programs. Aid administrators as well find them burdensome. I endorse the College Board proposal of the full integration of the Pell Grant and the Congressional Methodology into a single formula.

This proposal is feasible, appropriate, and possible if all players (MDE's, the department of education, NASFAA) participate in further research and analysis to ensure that it does not produce unintended redistribution effects.

With the form and methodology behind us let me concentrate on the other factor that complicate the delivery of aid. One such factor is the current requirement that an institution must wait until it has an applicant's SAR in hand to pay a Pell Grant. The output document the school receives from the MDE (possibly weeks before the student deliveries the SAR), already contains the official Pell Grant Index (PGI). Why must we wait for the SAR? Authorization to use the official MDE document would simplify the data flow, and result in a more timely delivery of award letters and dollars to students.

We, as a profession, deal with hundreds of thousands of students who have their own particular needs and circumstances and we have to develop a custom package in an off the rack world.

Once the authorizing of programmatic changes is complete the debate over appropriations begins. One means of addressing the need for additional resources is to reexamine the continuation of the income contingent loan program. If total borrowing was at a lower level this program would be more attractive. A study of the program is warranted to determine if the congressional intent of the Title IV programs has been served and if not, the resources earmarked for this program can be utilized to assist in the goals addressed throughout this paper.

To complement the refinements within the Higher Education Act, the form, and the process I would be remiss if I did not address the burdens thrust on all institutions - inordinate amounts of regulatory controls. No practitioner would claim that regulations, consistency and standards are unnecessary with programs of this magnitude, but they need to be more reasonable. For example:

1. Require the U.S. Department of Education to consult with the entire education community, including institutions and states in developing reliable means for evaluating institutional capability, including objective performance standards for the administration of Title IV programs.

2. Instruct the U.S. Department of Education to conduct on site reviews of Title IV program administration at each institution that participates in the Title IV programs not less frequently than every five years. Regular institutional reviews would decrease many of the criticisms associated with the programs.

3. Reinforce and reward program quality and integrity, by decreasing to a standard minimum level those regulations

necessary for the fulfillment of program provisions. Conversely, those institutions not meeting those standards would have greater regulatory accountability. I support all efforts to reduce potential abuses within the programs, however I believe any new regulatory initiatives specifically designed for this purpose should be applied to institutions where the potential for abuse exists.

Other Issues To Address Middle Income Families In Reauthorization

* Expand eligibility to families with incomes up to $43,000 by changing the formula used to determine individual awards in the Pell Grant program. The maximum award of $4000 would be composed of a $2500 component for living expenses and a tuition component -- 25 percent of tuition, not to exceed $1,500. Future adjustments in the maximum award split equally dollar for dollar between the living cost and tuition components of the formula.

* Leverage additional funds for the campus based programs by establishing an overall matching requirement for the three programs of 25 percent. (The current match rate is 10 percent of Perkins, 15 percent for SEOG, and 30 percent for college work study.)

* Provide greater flexibility for campuses to meet individual student needs appropriately and prudently by expanding the authority for institutions to transfer up to 25 percent of campus-based funds among the programs.

* Broaden eligibility for loan programs to middle-income students

by eliminating nonliquid assets (such as equity in a home, family farm, or family business) from statutory need-analysis formulas.

* Raise Stafford loan limits to levels that restore the values lost to inflation over the past ten years to the following: $3,500 for freshmen; $5,000 for sophomores, juniors, and seniors; $10,000 for graduate and professional students.

* Facilitate parental borrowing to meet expected contributions and recognize the increased cash-flow needs of middle-income families by removing the current $4,000 borrowing limit on PLUS loans. With credit checks required the lenders could determine the maximum this family could afford to borrow.

* Create expanded loan payback alternatives and consolidation options to provide students with the most flexibility to meet their repayment obligations. A number of proposals merit renewed attention, such as those that offer loan forgiveness for public service, plans that tie loan repayments directly to the increased lifetime earning power provided by a college education, and proposals that tie repayment to service in critical jobs.

Conclusion

There are no simple answers to complex questions. It takes hard work, dedication, and the global partnership to work. An investment of this nature requires financial resources, a massive public relations campaign, (Federal Aid its here for you!) and congressional fortitude. It has been stated by many, we can no compete with the educated of other countries and that our future is in jeopardy. We have an opportunity to change our direction.

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Lets put our money and our efforts where our mouths are.

This concludes my testimony, Mr. Chairman and members of the subcommittee. I thank you for the opportunity to testify, and I would be happy to answer any questions you may have.

Mr. PAYNE. Thank you.

We will next hear from Ms. Saleh, who is Director of Grants and Scholarships at the New Jersey Department of Higher Education.

Thank you.

STATEMENT OF RENEE SALEH, DIRECTOR OF GRANTS AND SCHOLARSHIPS, NEW JERSEY DEPARTMENT OF HIGHER EDUCATION, TRENTON, NEW JERSEY

Ms. SALEH. Thank you, Mr. Chairman, and again thank you all for allowing me to be here and to give you my testimony in behalf of the Department of Higher Education.

Mr. PAYNE. Will you pull your mike a little bit closer to you?

Ms. SALEH. Sure. The Chancellor regrets that neither he nor the Chairman of the Board were able to be here, but they are both attending the regularly-scheduled Board of Higher Education meeting.

I did submit, however, in my written testimony the position paper that the board adopted a year ago on the reauthorization, which contains recommendations that still hold true in the current process, and we support.

But I would like to highlight some of the more important problems or the major problems that must be addressed in addition to those other things.

One of the areas that you heard quite a bit about this morning and I am sure you will hear in other hearings is the inadequacy of the Pell Grant funding. In New Jersey, that is very true.

The inequities in the Federal need analysis and importance of understanding of what is really involved when we discuss simplification and how we can achieve that, you would find that quite a bit of my testimony repeats what you heard today.

As I heard other witnesses, I almost decided to withdraw some of it, but I decided to say it because it will confirm our joint feelings about the whole process, especially in simplification.

I did work in the field of student aid for 22 years and nothing makes me feel as proud and as touched as what I heard this morning from the student who spoke to us. These are the stories that make our lives worthwhile and make our work worthwhile, also.

I would like to review something about what happened to a college class in New Jersey which you—we all know about. From 1981 through 1990, the total college attendance costs more than doubled, from $600 million to $1.2 billion, which is usual, which is the same as we saw all across the country.

New Jersey has both State grant and scholarship programs that we are very proud of in the support that we receive for those programs and the State grant and scholarship programs more than doubled from $38 million to $96 in the same time period. However, Federal financial aid dropped from $170 million to $105 million.

Actually, within that time period, we had a $10 million increase in total aid available for a $600 million increase in college costs for students in New Jersey. So, the erosion is clear, and it means that we do need to do something to support students in New Jersey.

In 1981, Federal aid covered 30 percent of the aggregate college costs in New Jersey; in 1990, it dropped actually 10 percent.

So, as we talk about realization, the first thing we would encourage is that we do need to increase Federal funding for students in New Jersey and, of course, in the country. The Pell Grant program is one of the programs that must be looked at and funded at the higher grade and funded at the rate that keeps up with inflation and with costs of education.

You also heard from others and you will hear from us that the Stafford student loan program is becoming the type of loan program that is not helping the student who really depended on the student loan program. It is actually the only subsidized Federal program that is generally available to middle-income students, but the effect of the changes in Congressional Methodologies through the last reauthorization had a major impact on those—on students receiving loans.

If we actually look at what happened in New Jersey, more than half the students who were eligible for Stafford loans before the new Congressional Methodology and the treatment of student earnings are now not eligible for those same loans. They are the ones who have the cash flow problems and they are the ones who need the funding.

It may surprise you that while 18 percent of New Jersey undergraduates are eligible for Pell Grants, only 10 percent qualify for Stafford loans because of the impact of the changes.

If we look at the reason for the decline in this area and ask the question, why such a decline in New Jersey, New Jersey is a high-income State, where median family incomes are about 25 percent above the national average. Unfortunately, the cost of living in New Jersey is also 25 percent above the national average.

Home values are also high in New Jersey, nearly double the national average. Because we live in a high-income, high-home value, high-cost State, the Federal needs analysis formula which are based on national averages require higher expected family contributions from New Jersey families and therefore severely limit their eligibility for Stafford loans and other aid.

We do know that adjustment of need analysis to regional differences is not possible in all cases, but we do also know that because of the enormous differences in home values, regionally and specifically in New Jersey, and the resulting inflated value of home equity in the United States, including New Jersey, needs analysis should be looked at in that area.

Need analysis should set some reasonable limits on the family contribution assessed from home equity that is proportional to the family's income. You heard support for the college fellowship service proposal which limits the amount of home equity included in the needs analysis to three times the family income. We also support that position and it deserves careful consideration.

Another important component of need analysis, which should be reconsidered, is 70 percent assessment of the dependent student's prior year earnings. The average student contribution which is primarily from summer and part-time earnings is relatively fixed through all income levels averaging $2,200.

Although the parent contribution is very progressive, ranging from two percent to 20 percent of income, adding in the student contribution results in a regressive assessment of low-income families who are paying a high percent of their income than affluent families.

Since one of the proposals receiving wide support is to create a single need analysis for Pell and other types of assistance, I want to point out that because of the 70 percent contribution from earnings, the Congressional Methodology is much more regressive than either the Pell Grant index or the all-uniform methodology which we use for our State grant program.

The student earnings contribution from earnings should be lowered and made proportional to the parents' income so that the students' contribution reflects the whole family's financial circumstances.

You heard from Fran Andrea about simplification and my comments happen to be so similar to hers in the support for simplification, but I would like to emphasize the fact that if we address the issue of simplification in terms of looking at the form itself, we did not simplify anything. We must realize that simplification requires changes in statutes and current laws.

It is the statute that complicates the process and complicates the form. One very good example in that direction is what we heard earlier, the definition of a dependent student.

Students must answer 16 questions on the front of the form to determine whether he or she is a dependent student. By the time they finish the 16 questions which include a question about their income in 1985, while they are completing the form right now, 6 years later, they are so confused, they do not know whether they are independent or dependent, and go in the direction that sounds easier. That complicates the process for them, that complicates the process to the point that they keep receiving paper back with corrections and every time they correct it, there is another mistake.

Low-income families are the ones who normally get very frustrated with this process. They are not—they do not have the means to pay somebody to help them with the process, and with my experience in student aid, a much higher percent of low-income families give up before they arrive on the college campus because of this process.

We talk about the needs—a simple need analysis, and because we want to make families with lower income eligible for financial aid without the added requirement of completing assets, just the instructions that define how—what you should avoid on the form makes a simplified need analysis totally not directed or helping the people who need them.

Another area that should be looked at is to take away the simplified need analysis definition but go in the area of building an application that deals with a simple bypass. If you ask the family the question of are you receiving public assistance, let them stop at that. Give their name and address. They already proved their poverty to another agency. They stop at that.

If the family, as we heard earlier, has—completes a 1040EZ or a 1040A, we are not looking at assets in high amounts. Let them stop at a certain point based on the limit of income and not go beyond that because we know what the need analysis would show and what their need is.

Bypasses help the family overcome this fear of the form and the fear of the complexity of the form and the instructions. If any of you have completed the form and looked at the instructions and we tell students read the instructions before you complete the form, I know that half the students read the instructions and do not touch the form because it is too frightening to go through the form, but it is not the form, it is the regulations that govern the form and require the questions that are there.

In summary, we at the State Department of Financial Aid Officers support individuals like—student assistance should work as partners and address the issue of the need of our students and continue supporting student assistance, continuing encouraging low-income students to be enrolled and to be in college and reach many of them.

Again, I thank you for being here and for your patience.

[The prepared statement of Renee Saleh follows:]

State of New Jersey
DEPARTMENT OF HIGHER EDUCATION
OFFICE OF STUDENT ASSISTANCE
4 QUAKERBRIDGE PLAZA
CN 540
TRENTON, NEW JERSEY 08625

STATEMENT TO THE

HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

HEARINGS ON THE REAUTHORIZATION OF THE

HIGHER EDUCATION ACT

JUNE 21, 1991

BY

RENEE SALEH

DIRECTOR, OFFICE OF GRANTS AND SCHOLARSHIPS

NEW JERSEY DEPARTMENT OF HIGHER EDUCATION

New Jersey Is An Equal Opportunity Employer

My name is Renee Saleh and I am the Director of the Office of Grants and Scholarships in the New Jersey Department of Higher Education. The Chancellor regrets that neither he nor the Chairman of the Board of Higher Education are able to testify at this hearing because they are attending the regularly scheduled meeting of the Board today. However, as part of the written testimony I am submitting a position paper on reauthorization which was adopted by the Board of Higher Education last year and makes recommendations on more issues than I can cover in these brief comments. I will only highlight some of the major problems which must be addressed: the inadequacy of Pell Grant funding, the drastic reduction of middle-income eligibility for Stafford Loans, inequities in the federal need analysis, and the importance of understanding what is really involved in achieving simplification in the financial aid application and student financial aid delivery. I would add that my comments on need analysis and simplification are based on 22 years of experience in the administration of student assistance.

Let me briefly review for you what happened to college costs and financial aid for full-time undergraduates in New Jersey between 1981 and 1990:

-Total college attendance costs (tuition, room and board, other expenses) doubled, from nearly $600 million to $1.2 billion.

-New Jersey state grants and scholarships funds more than doubled, from about $38 million to $96 million.

-Federal financial aid funds dropped from about $170 million to $105 million.

-Total financial aid funds from all sources increased from $220 million in 1981 to $230 million in 1990, a $10 million increase in aid to cover a $600 million increase in college costs! (See Table I, attached).

In 1981 federal aid covered almost 30% of the aggregate college costs in New Jersey; in 1990 it covered less than 10%. Surely, the central issue in this reauthorization should be to make changes which will halt this erosion in federal financial support for college students.

The Pell Grant Program was woefully underfunded for most of the last decade. Although Pell Grant funds to New Jersey college undergraduates have increased in each of the last four years, the total amount available in 1990 - $44 million - is no more than was available in 1985. During those same six years, New Jersey state grant funding increased by almost $40 million and is now more than double the Pell Grant amount. (See Table II, attached).

One of the most important differences between the Pell Grant Program and the New Jersey Tuition Aid Grant (TAG) Program is that the annual increases in our TAG grants have been linked directly to increases in public tuition levels--when tuition goes up, the TAG grant awards have been increased proportionally. Two of the most crucial changes which should be considered in this reauthorization are to establish a mechanism for linking increases in Pell Grant awards to annual increases in college costs and to continue to address the needs of lower middle income students.

The Stafford Student Loan Program is the only subsidized federal aid program generally available to middle-income students. The effect of requiring Congressional Methodology need analysis coupled with the change in the treatment of student earnings to determine Stafford Loan eligibility, which was introduced in the last reauthorization, had a major impact on middle-income families in New Jersey. In 1986 nearly 20,000 dependent full-time undergraduates in New Jersey were receiving Stafford Loans; two years after the new eligibility requirements the number of dependent Stafford Loans had dropped in half, to about 9,500. For those families above the New Jersey median income of $42,000, there has been a 68% decline in Stafford Loans. (See Table III, attached). It may surprise you that while 18% of New Jersey undergraduates are eligible for Pell Grants, only 10% qualify for Stafford Loans. (See Table IV, attached).

Why has this decline been so dramatic in this state? New Jersey is a high income state, where median family incomes are about 25% above the national average. Unfortunately, the cost of living in New Jersey is also 25% above the national average. Home values are also high in New Jersey, nearly double the national average. Because we live in a high income, high home value, high cost state, the federal need analysis formulas — which are based on national averages — require higher "expected family contributions" from New Jersey families and, therefore, severely limit their eligibility for Stafford Loans.

As to needs analysis, we recognize how difficult it would be to make appropriate adjustments for regional differences in income and costs of living. Nevertheless, there should be a change in the federal need analysis to recognize the enormous regional differences in home values and the resulting inflated value of home equity in many states including New Jersey. Need analysis should set some reasonable limits on the family contribution assessed from home equity that is proportional to the family's income. The recent proposal by the College Scholarship Service to limit the amount of home equity included in need analysis to three times the family income deserves careful consideration.

Another important component of need analysis which should be reconsidered is the 70% assessment of a dependent student's prior year earnings. The average student contribution, which is primarily from summer and part-time earnings, is relatively fixed throughout all income levels, averaging about $2,200. Although the Parental Contribution is very progressive, ranging from 2% to 20% of income, adding in the student contribution results in a regressive assessment of low-income families, who end up paying a higher percentage of their income than relatively affluent families. (See Table V, attached).

Since one of the proposals receiving wide support is to create a single need analysis for both Pell and other Title IV assistance programs, I want to point out that because of the 70% student contribution from earnings, the Congressional Methodology is much more regressive than either the Pell Grant Index or the old Uniform Methodology which is used for New Jersey TAG awards. (See Table VI, attached). Whether or not there is to be one index, the student contribution from earnings should be lowered and made proportional to the parental income, so that the student's contribution reflects the whole family's financial circumstances.

Simplification is a major theme discussed by many higher education associations and institutional representatives. We must concentrate on achieving the goal of simplifying the delivery of student aid while preserving equity in the distribution of dollars. Simplification should include an evaluation of form design, methodology, and administration. The delivery system must work better on behalf of students.

Before the forms can be simplified statute and regulation must be changed. The forms themselves are not what makes the process complicated. It is the process that complicates the forms. The Application for Federal Student Aid "AFSA" is about as simple as forms can get under current statute and regulation. It contains only data elements needed to determine the applicant's eligibility for Pell and other Title IV assistance. But the AFSA is by no means simple.

The first factor that complicates the AFSA and other financial aid forms is the current definition of the student's dependency status. The form contains 16 questions which are required to establish dependency status including questions about the student's income for the calendar year 1985 (six years earlier than the date of application). Mistakes in completing the form start with this confusing section. A proposal for simplification submitted by several higher education organizations and advisory committees, which we support, includes the following three elements:

- Preserve the current automatic criteria — age 24 or older, veteran status, orphan or ward of the court, or dependents other than a spouse;

- Permit graduate and professional students to establish independence automatically without reference to any other conditional criteria; and

- Eliminate all conditional criteria.

The determination of dependency status could thus be made based on five simple questions without causing inequities in the system. Currently, about 92% of the applicants establish independent status based on these five questions. Aid administrators should be allowed to use professional judgment to resolve 8% of the cases.

Another way to simplify the application form is to repeal the provision in the Higher Education Act that defines the "simple needs test" and instead create an "application bypass" for very low income filers. There are at least two categories of people who should qualify for the "bypass":

- Recipients of public assistance (AFDC) who are the parents of dependent applicants, or who are themselves self-supporting aid applicants, and

-Dependent filers' parents, provided that they file an IRS 1040A or 1040EZ (or are not even required to pay taxes at all), and have total taxable income of less than the IRS earned income credit limit.

Such a bypass would permit certain filers to provide only basic demographic data on the application and skip the more complicated income and asset questions. A family on AFDC has already demonstrated its need for AFDC. Furthermore, parents whose income is very low cannot reasonably be expected to contribute more than a small amount to their children's educational expenses. Why then should these families be required to answer difficult questions that would not change their eligibility?

In summary, all partners to the delivery system should simplify many aspects of the system. Changes in statute must be considered in order to address the complexity of the application form before other simplification measures can be accomplished. Congressional Methodology changes should take into consideration the needs of low-income families. In addition, the needs of middle-income families should be addressed through a modification in the treatment of home equity, especially as this relates to eligibility for Stafford Loans.

Thank you for allowing me the opportunity to testify before you today.

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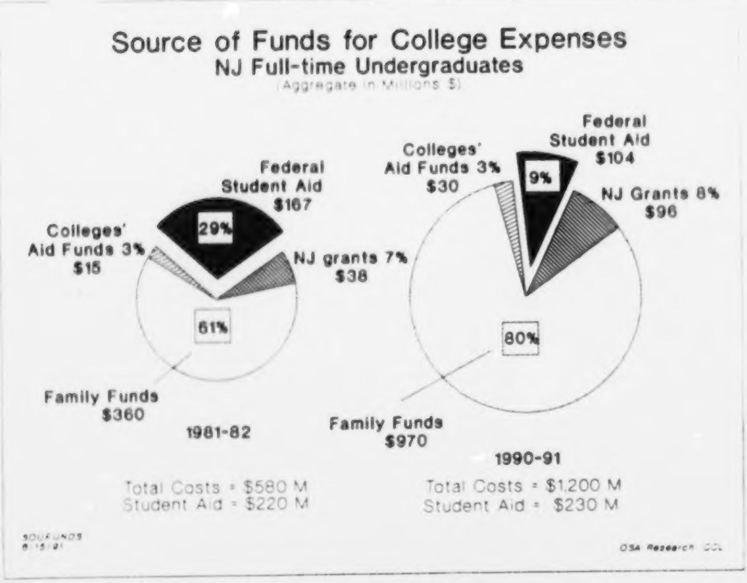
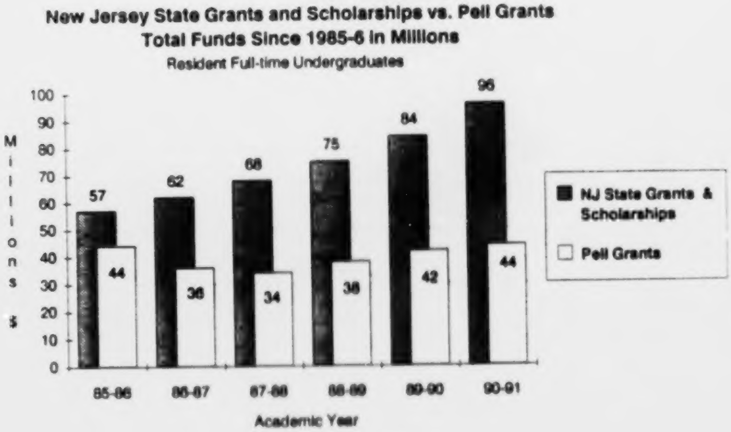
6/18/91

TABLE I



Source of Funds for College Expenses
NJ Full-time Undergraduates
(Aggregate in Millions $)

TABLE II



New Jersey State Grants and Scholarships vs. Pell Grants
Total Funds Since 1985-6 in Millions
Resident Full-time Undergraduates

TABLE III

Stafford Loan Borrowing in New Jersey
Full-time College Undergraduates
By Dependency And Income
1986 vs. 1989

Family Income *	Number Of Loans			
	1986	1989	Change	% Change
Self - Supporting Students				
Under $6,000	1,818	1,438	- 380	- 21 %
$6 - $12,000	1,104	1,187	+ 83	+ 8 %
Over $12,000	1,420	2,013	+ 593	+ 41 %
Subtotal	4,342	4,638	+ 296	+ 7 %
Dependent Students				
Under $18,000	3,292	2,238	- 1,054	- 32 %
$18 - $30,000	4,186	2,608	- 1,578	- 38 %
$30 - $42,000	4,687	2,235	- 2,452	- 52 %
Over $42,000	7,581	2,382	- 5,199	- 68 %
Subtotal	19,756	9,473	- 10,283	- 52 %
TOTAL	24,096	14,111	- 9,987	- 41 %

* 1986 constant dollars

TABLE IV

Major State and Federal Student Aid Programs
Percent of Full-time Undergraduates Receiving Aid
Fall 1986 vs. Fall 1990

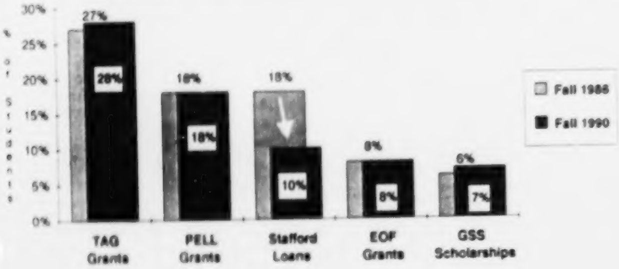


TABLE V

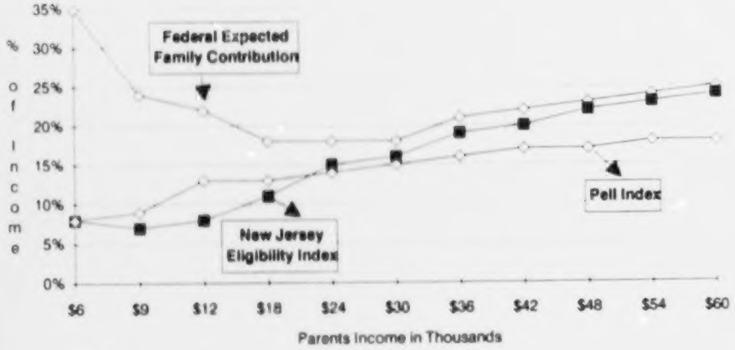
Average Federal Expected Contributions from Parents and Dependent Student by Income

NEW JERSEY AID APPLICANTS 1989-90

PARENTS INCOME 1988	AVERAGE STUDENT EARNINGS	EXPECTED CONTRIBUTIONS - FEDERAL EFC				
		AVERAGE AMOUNT AND % OF PARENTS INCOME				
		FROM PARENTS		FROM STUDENT	TOTAL FEDERAL EFC	
$6,000	$2,000	$200	3%	$1,900	$2,100	35%
$9,000	$2,200	$200	2%	$2,000	$2,200	24%
$12,000	$2,300	$500	4%	$2,100	$2,600	22%
$18,000	$2,700	$1,000	6%	$2,200	$3,200	18%
$24,000	$2,800	$2,100	9%	$2,300	$4,400	18%
$30,000	$2,900	$3,100	10%	$2,400	$5,500	18%
$36,000	$3,100	$4,900	14%	$2,500	$7,400	21%
$42,000	$3,200	$6,700	16%	$2,600	$9,300	22%
$48,000	$2,800	$8,500	18%	$2,300	$10,800	23%
$54,000	$3,000	$10,200	19%	$2,500	$12,700	24%
$60,000	$3,000	$12,000	20%	$2,700	$14,700	25%

TABLE VI

Expected Family Contribution Indices as Percent of Family Income 1989-90



REAUTHORIZATION: SETTING THE AGENDA FOR NATIONAL HIGHER EDUCATION POLICY IN THE 1990'S

STATEMENT BY NEW JERSEY BOARD OF HIGHER EDUCATION
JUNE 15, 1990

New Jersey Department of Higher Education
CN 542, Trenton, New Jersey
T. Edward Hollander, Chancellor

EXECUTIVE SUMMARY

NEW JERSEY BOARD OF HIGHER EDUCATION
Reauthorization: Setting the Agenda for National Higher Education Policy in the 1990's

The Higher Education Act of 1965 is due to be reauthorized in 1991. This paper reflects four national priorities which should be addressed through the reauhtorization process: access, equity, excellence and accountability. Recommendations in each of these areas is included below.

ACCESS

1. The Pell Grant Program should be restructured to provide the assurance that access to higher education will continue to be the first priority of national education policy.

2. The Guaranteed Student Loan Programs should be restructured to accent their original purpose of supporting choice for moderate and middle income students. At the same time, they should be seen as a supplement to grant aid and as a gradual replacement for grants as a student demonstrates the ability to progress through a postsecondary program.

3. Federal need analysis procedures and applications must be simplified for low and moderate income students.

EQUITY

4. The state-federal partnership should be revitalized through a reconfigured SSIG program focused on minority participation and achievement in postsecondary education.

5. Partnership programs linking the federal government, states, business, labor, and institutions should be developed, drawing on the innovative models that states such as New Jersey have designed and implemented.

6. The existing TRIO programs which prepare students from disadvantaged backgrounds for higher education should be supported by greater funding and longer term commitments from the federal government. Support for Title III - institutional aid must also be continued.

EXCELLENCE

7. Current federal grant programs for graduate and professional student study should be expanded and strengthened, and new programs and policies should be developed.

8. Programs designed to encourage graduate study by minorities should be given high priority by policymakers concerned with the dual problems of minority participation in postsecondary education and the pressing need for increases in the number of persons receiving graduate training in critical areas.

ACCOUNTABILITY

9. Greater accountability on the part of institutions and states must be required by the federal government prior to certification for the receipt of federal student aid funds.

10. A statement of national goals for higher education should be developed through a cooperative effort of the federal government, states, and institutions. The federal government should collect data and information to measure how well institutions, states, and the federal government are doing to achieve these goals.

Mr. **Payne**. Thank you. Thank you very much.

We will now hear from Dr. Leonard Krivy from Cherry Hill, Educational Consultant.

STATEMENT OF LEONARD KRIVY, EDUCATIONAL CONSULTANT, CHERRY HILL, NEW JERSEY

Mr. **Krivy**. Thank you, Mr. Chairman, Congresswoman Roukema, Congressman Andrews.

If I may preface my comments by perhaps a couple of words of background. The speakers who have addressed you this morning have basically been institutionally oriented, directors of financial aid, State higher education department, university presidents, directors of development, and they have dealt in specifics to a very appreciable extent.

My background is also in educational administration, having served as a dean, having served as a director of higher education for the City of Philadelphia, and for the past several years I have functioned as an educational consultant in private practice, essentially as an author, lecturer, teacher, broadcaster and newspaper columnist.

And I would like to address my comments from two perspectives; (1) non-specific and more in terms of concept and (2) from a segment of the population perhaps not spoken of or referred to this morning.

We talk of yuppies, we talk of dinks, double income, no children. We talk of senior citizens. The group that for years I have spoken with/to, the radio and my colleagues, is a group that I refer to as "mappies." Middle-aged persons persevering in spite of everything.

The mappies to take some liberty with a slogan, I think, therefore I am, have their own slogan, which says I worry, therefore I am, and they worry a great deal. These middle-aged persons persevering in spite of everything worry about their parents, they worry about their taxes, and they worry about their children, and it is from the perspective of this group that I would like to address some general concepts with a few specifics, and what I call an educational mortgage incentive grant program.

Over the past 25 years, we have seen the development of massive Federal assistance to help students attend colleges and universities and technical schools. The current programs as they exist are a mixture of grants, loans and work study, and to a limited extent, they have met their goals of offering access of choice to millions of students in the United States, and, yet, in this period of spiraling deficits, unchecked student defaults and general distrust of these same programs, we today and in the next year, you, must take this opportunity to keep what is good, strengthen weaker aspects of the program, and discard what simply does not work.

In my professional practice and as a parent, I am well aware of the tremendous concern and the apprehension parents feel as they approach the financing of their children's education, and particularly their unease with the current mix of programs.

The problem with the financial aid system as it exists today is the almost random nature in which families receive financial aid. Although this labyrinth may have some understanding to a financial aid officer, I can assure you that large segments of the public have simply no idea of how they will pay the tuition bills that regularly roll in.

The system as they perceive it needs simplicity and needs predictability.

Obviously, access to higher education must be more doable and realistic for the poor of this Nation, yet the dilemma is to develop a system as Congresswoman Roukema raised the issue a number of times, to develop a system that is fair, rational, predictable and sensitive to the needs of the poorest members of our society while at the same time offering assistance to the middle and upper middle income families struggling to put their youngsters through school.

The plan that I propose is the educational mortgage incentive program, and I ask you to consider these points.

The mortgage part of the program consists of a new version of the current tri-part guaranteed student loan program, and the experimental income contingent loan program.

I emphasize the word "loan." This program would offer full tuition fee, room and board loans to all students whose family income does not exceed more than $50,000 above the annual national median income. How many times have you come across families with two, three and four in school, earning in the area of $40 and $50,000, $60, $70 and $80,000 unable to put one or two through school at that particular point and unaware of how the programs are going to work?

This program would help millions of students and their families secure the needed funds to pay for their education at any institution, public, private, trade or technical school.

Now, while in school, the student would borrow, and there would be a 5 percent interest charge for the first year. The purpose of which would be to help students understand the value of their education that they are receiving and to develop the habit of loan repayment.

Twelve months after this loan, it would increase to an interest of 2½ percent per year until it reached the annual prime rate plus 3 percent. Repayment of the loan would be made directly from your paycheck, just as a social security payments, Federal and State taxes and other deductions are now made. Those part of the quarterly or those paying quarterly payments would pay it in that form.

Now, the mortgage part. The mortgage aspect of this program allows students depending upon the amount of their loans to choose to repay their programs either in 5, 10, 15, 20, 25 or even 30 year programs. For those families above the income levels noted, an appropriate system and a sliding scale could be developed.

I believe that this program addresses the significant drawbacks found in the Federal loan programs today. It provides a guaranteed amount of funds available to all eligible families. Parents will know what will be available when their children are in high school as they begin to plan for college.

More importantly, it guarantees a sound financial basis for the repayment of loans, something clearly lacking in today's program.

While the details of this program would have to be worked out, we cannot forget those students from severely-disadvantaged backgrounds. Indeed, it would be a cruel hoax on the poor and the needy to pull away the chance to begin their college career without some financial incentive now found in a limited extent in the current program.

The incentive part of the program would radically restructure the current Pell Grant program which for many students has not been enough to open the doors of education, especially in the private sector.

This program would guarantee full tuition and fees but not room and board to all students coming from families at or below the national poverty line for their first year in college. These students would then be guaranteed an initial grant for the second year equal to 50 percent of their first year's grant.

For additional costs in either the first or second year, these students could then use the mortgage portion of the program. This program would provide a real incentive to both the student and the college not only to recruit low-income students but to promise them continued support through the university for the upper-level years.

Again, this portion of the program offers predictability, simplicity and fairness to our most needy families. We have the chance to make a difference, to offer a new concept based on self-investment.

We also have the chance to eliminate the abuses so frequently cited about the current programs. Whether true or not, gone would be the perception that the loan or any part thereof was or will be used for a trip to Europe or for a new car. The colleges and the universities would guarantee that these programs would be directed only at direct educational costs.

Parents could plan ahead with some degree of confidence on how they will afford the ever-increasing costs. Gone, too, would be the Federal incentive for colleges to continually raise tuitions knowing that the Federal Government would underwrite some or all of the tuition hike.

The program has the simplicity of being understood by just about everyone, and it would eliminate the delays of bureaucracy now surrounding the current programs.

I encourage you to give this program consideration, and I thank you for the opportunity to testify and to meet with you today.

[The prepared statement of Leonard Krivy follows:]

TESTIMONY BY
DR. LEONARD KRIVY
BEFORE THE
SUBCOMMITTEE ON POSTSECONDARY EDUCATION
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

June 21, 1991

EDUCATIONAL MORTGAGE/INCENTIVE GRANT PROGRAM

Over the past 25 years, we have seen the development of massive federal assistance to help students attend our colleges, universities, and technical schools. The current programs are a mixture of grants, loans and work-study. To a limited extent, they have met their goal of offering access and choice to millions of students in the United States. Yet, in this period of spiraling deficits, unchecked student defaults, and general distrust of these same programs, we must take this opportunity to keep what is good, strengthen weaker aspects of the programs, and discard that which simply does not work. In my professional practice and as a parent, I am well aware of the tremendous concern and apprehension parents feel as they approach the financing of their children's education, and their unease with the current mix of programs.

The problem with the financial aid system as it exists today is the almost random nature in which families receive financial aid. Although this labyrinth may have some understanding to a financial aid officer, I can assure you that large segments of the public have simply no idea of how they will pay the tuition bills that regularly roll in. The system needs simplicity and predictability.

Yet, we cannot forget the achievements that the current programs, especially the Pell Grant program, have brought to millions of the economically disadvantaged. We are aware of the erosion of minority enrollment in colleges and universities across the country, and the valuable loss of their talents and abilities. Obviously, access to higher education must be more "doable" and realistic for the poor of this nation. Yet the dilemma is to develop a system that is fair, rational, predictable and sensitive to the needs of the poorest members of our society, while at the same time offering assistance to middle and upper-middle income families struggling to put their youngsters through school. I think my plan, THE EDUCATIONAL MORTGAGE/ INCENTIVE GRANT PROGRAM deserves your consideration on all of these points.

The "MORTGAGE" part of the program consists of a new version of the current tri-part Guaranteed Student Loan Program, and the experimental Income Contingent Loan Program. I emphasize the word "loan." This program would offer full tuition, fee, room and board loans to all students whose family income does not exceed more than $50,00 above the annual national median income. This program would help millions of students and their families secure the needed funds to pay for their education at any institution, public, private, trade or technical. While the student is in school, this loan would charge a small 5% interest, a purpose of which would be to help students understand the value of the education they are receiving, and to develop the "habit" of loan repayment. Twelve months after graduation, this loan would increase in interest rate at 2½% per year, until it reached the annual prime rate plus 3%. Repayment of the loan would be made directly from your paycheck, just as social security payments, federal and state taxes, and other deductions are now made. Those individuals not on a weekly paycheck would make their payment as part of the quarterly federal tax payment. The "MORTGAGE" aspect of the program allows students, depending on the amount of their loans, to choose to repay the loans in either 5, 10, 15, 20, 25 or even 30 years. For those families above the income levels noted, an appropriate system with a sliding scale will be developed.

This program addresses the significant drawbacks found in the federal loan programs today. It provides a guaranteed amount of funds available to all eligible families. Parents will know what will be available when their children are in high school as they begin to plan for college. More importantly, it guarantees a sound financial basis for the repayment of the loans, something clearly lacking in today's programs.

While the details of this program would have to be worked out, we cannot forget those students from severely disadvantaged backgrounds. Indeed, it would be a cruel hoax on the poor and needy to pull away the chance to begin a college career without some financial incentive now found in a limited extent in the current programs. The "INCENTIVE" part of the program would radically restructure the current Pell Grant program, which for many students has not been enough to open the doors of education, especially in the private sector. This program would guarantee full tuition and fees (but not room and board) to all students coming from families at or below the national poverty line for their first year in college. These students would then be guaranteed an additional grant for the second year equal to 50% of the first year's grant. For additional costs in either the first or second year, these students could use the "MORTGAGE" portion of the program. This program would provide a real incentive to both the student and the college to not only recruit low income students, but to promise them continued support through the university for the upper level years. Again, this portion of the program offers predictability, simplicity and fairness to our most needy families.

We have this chance to make a difference, to offer a new concept based on self-investment. We have a chance to eliminate the abuses so frequently cited about the current programs. Whether true or not--gone would be the perception that the loan, or any part thereof, was or will be used for a trip to Europe or for a new car. The colleges and universities would guarantee that these programs would be directed only at direct educational costs. Parents could plan ahead with some degree of confidence on how they will afford the ever-increasing costs. Gone, too, would be the federal incentive for colleges to continually raise tuitions, knowing that the federal government would underwrite some or all of the tuition hike. This program has the simplicity of being understood by just about everyone, and eliminates layers of bureaucracy now surrounding the current programs.

I encourage you to give this program your consideration, and I thank you for this opportunity to meet with you today.

Mr. PAYNE. Thank you very much, and we will hear from our final witness, Mr. Lawrence Brown, Vice President of Operations, Lincoln Technical Institute, West Orange, New Jersey.

STATEMENT OF LAWRENCE BROWN, VICE PRESIDENT OF OPERATIONS, LINCOLN TECHNICAL INSTITUTE, WEST ORANGE, NEW JERSEY

Mr. BROWN. Thank you, Mr. Chairman, and Congresswoman Roukema, Congressman Andrews.

My name is Lawrence Brown, and I am the Vice President of Operations of Lincoln Technical Institute. We have 5,000 students nationwide in 11 cities with two schools in New Jersey, one in Union and one in Pennsauken.

Further, I am the State captain of the New Jersey Skills 2000, which is a broad-based coalition including members from business, industry, government, labor, and parents who understand the value of career education and are committed to maintaining access of choice for students and equal access to financial aid.

I appreciate the opportunity to testify before you today, and I further appreciate your personal visits to private career schools to come to the understanding that this is a valuable resource for our communities.

I think we need to step back for a moment and think about where we as a Nation would be without this valuable higher educational resource.

Fifty-two percent of the computer programmers, 50 percent of the respiratory therapists, 74 percent of the surgical technicians, 49 percent of the electrical technicians, a third of the secretaries, one-quarter of the aircraft mechanics and half the diesel mechanics in this country are trained by private career schools across the country.

As we know, we are moving to a service economy, and this is exactly where career schools fit in. In fact, we are not part of the problem, we are part of the solution.

It is becoming a greater risk for schools to serve the high-risk populations in our country. The forgotten half, as we call them, are going to be truly forgotten if this resource is not allowed to continue.

Ability to benefit students no longer get supplemental loans, loan access based upon default rate has become a bigger problem across the country. We are going to see, I predict, schools running from urban areas. What we leave is that forgotten half with its crime, drugs and, disillusionment. In one way or another, this country is going to pay for that forgotten half.

We are in some senses a true safety net for these high-risk students. Where will this student go without private career schools? Yet, how do we protect the integrity of the financial aid programs along the way? We in the career school sector are committed wholeheartedly to eliminating bad school operators. They are a blight not only to this country but certainly a blight against those who work so hard to do a good job to train students.

Each of you have seen good career schools. Since 1989, we have had over 80 reforms to tighten up on the financial aid programs with laws and regulations already in effect. I believe we need to give these a chance to work.

We need further to redirect the reform to recognize unique circumstances so we do not cut out the segment most in need of this type of help. We need to cause the reforms to recognize inherent problems in serving the high-risk population and further recognize that there is economic and cultural differences between students coming from Newark and Camden versus those coming from Ho Ho Kus and Saddle River.

Recognize what might be considered poor outcomes for a school serving Saddle River students could be a huge success if that population were high-risk students from our urban areas.

In our deliberations about who should participate in the guaranteed student loan program, I think we need to compare outcomes for all schools across this country and base those outcomes on a broad base of placement, retention and default. That should be measured for schools of like circumstances. For instance, schools in Newark versus similar schools in Camden, Chicago, Detroit or Philadelphia should be compared. Use like cohorts when we measure placement, retention and default.

Let us not let career schools become an endangered species for 57,000 students in New Jersey alone depend upon continued access to financial aid to improve their lives. The majority will become taxpaying, loan-repaying contributors to society, then they will not be the forgotten half.

Thank you for this opportunity to testify.

[The prepared statement of Lawrence Brown follows:]

New Jersey
Skills 2000
Education Today for Tomorrow's Jobs

TESTIMONY BEFORE THE HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

by

Lawrence E. Brown

Vice President of Operations at Lincoln Technical Institute,
West Orange, NJ and head of New Jersey Skills 2000

Good morning. My name is Lawrence Brown and I am Vice President of Operations for Lincoln Technical Institute in West Orange and also the head of New Jersey Skills 2000 - a coalition of concerned business people, elected officials, community leaders, educators and students working to ensure access to federal financial aid for students attending private career schools.

I appreciate the opportunity to appear before you this morning to discuss the reauthorization of the Higher Education Act; specifically the issues affecting private career schools. I know many of you have taken time out of your busy schedules to visit private career schools in your districts. It was during many of these visits and the discussions that followed that it became clear to me and to those attending that the issues at stake - access to educational opportunity for everyone and the need to improve the skills of our workforce - were going to become the larger social issues of this piece of legislation. We would not just be discussing financial aid formulas but dealing directly with issues which would impact thousands of students across the country - their dreams of better lives through education and also our values as a nation.

According to the New Jersey Department of Labor, by the year 2000, 24,350 new jobs will be created in the computer field, 3,900 jobs created in the therapist field, and 50,950 new jobs in the health field. For the computer field, this includes systems analysts, computer programmers and computer programmer aides. In the health field, this includes medical and clinical lab technologists and technicians, physicians' assistants and radiologic technicians. In order to fill these positions, the quality of education and how well this education is matched to employers needs and market trends will be a key to unleashing the economic power in New Jersey and the nation.

Private career schools and colleges are prepared to help us meet this challenge. Through the hands-on training and career specific education in such fields as automotive technology, computers and health care, private career schools and colleges have forged unique relationships with employers and students. There are more than 57,500 students attending the 197 private postsecondary career colleges and schools in New Jersey.

An important component of all private career school programs is the ability to incorporate the rapid changes occurring in the job marketplace to the actual learning program in the school. In many cases, each program of study has a Business Advisory Council consisting of employers in the local community who oversee trends in that field and relay these changes to our curriculum developers and instructors. From the private career school to the local business, each has realized the important relationship they have to produce skilled workers for local industries.

On the state level, private career schools have placement rates on average of 70-80 percent depending on the school and the community it serves. This variety is a reflection to the different communities each of the 197 institutions serve. It is important to realize our common concerns as part of the postsecondary education community and also the important differences from school to school, the degree of difficulty if you will, which is a reflection of the plurality of our postsecondary education system and the different conditions and communities our schools serve.

What are some of the conditions in these communities? They are high drop-out rates, high crime rates, poverty and disillusionment. If we are looking to establish acceptable benchmarks for default, student retention and placement, let us compare schools serving like populations in the same geographic areas. Placement in high unemployment areas is certainly more difficult than placement in areas needing numerous entry level workers.

Let me just point out a few of the statistics which I know many of us have become familiar with - according to the W.T. Grant Foundation's influential report called The Forgotten Half, the population with four or more years of education beyond high school is 16 percent, 33.5 percent of our nation's population aged 25 and over does not have a high school diploma, 2.5 million students graduated from high school in 1988-89, an 8.6 percent decrease since 1980-81 and 30 percent of elementary and secondary public school students are minorities, but only 18.4 percent of college students are from minority groups. These figures suggest that a large portion of our population is "falling through the cracks." These statistics of course go higher or lower depending on the area. What happens to the "Forgotten Half?" The answer, it seems, not only encompasses consequences to our education system, but also our economic well-being. Career schools serve this "Forgotten Half," but as severe penalties for doing so are levied against schools, you will see an exodus to safer areas leaving this segment most in need of training to lives of poverty, drugs and crime.

I by no means am suggesting that a private career school education is the solution for all - but I am suggesting that each student be given the opportunity and the alternative to choose the type of postsecondary education they wish to pursue. The institutions that serve these high-risk populations should not be judged by inflexible standards. Each should be measured by degrees of difficulty that they face in providing students with educational opportunities, for instance what is the student graduation and placement rate? I can guarantee that the schools in these communities, whether private career schools, community colleges, historically black colleges or tribally controlled community colleges are facing the same difficulties. Default rates and placement rates then become relative to the actual community these schools serve.

Additionally, we in the education community have tended to place blame on ourselves, the Department of Education, guarantee agencies, banks and accrediting agencies. We all need to share in the risk to varying degrees. Where are the students in this? Where is their responsibility? When will we face the issue that students as well, need to be held accountable for their responsibilities to repay their loans. We must continue withholding tax refunds and go still further with wage garnishments.

The key to educational achievement requires more than simply paying tuition and attending classes. Today, students must often contend with the many social and economic complexities of modern life - life skills that many of us learn early, but due to social and economic circumstances, many students have not had the opportunity to learn. To supply not only skilled workers but also responsible citizens requires outlining financial aid programs and their responsibilities - giving them a sense of ownership toward their own financial and educational futures.

We are on track. The default rate for the private career school sector has been dropping since 1987. Our cohort default rate in 1989 was 27 percent down from nearly 40 percent in 1987. As we proceed through the reauthorization, we must be aware of individual circumstances and be careful so our reforms don't put up more barriers to educational opportunity to those we need to assist.

I believe we ought to head in the direction outlined in the legislative proposal that two national organizations - the National Association of Trade and Technical Schools (NATTS) and the Association of Independent Colleges and Schools (AICS) - have shared with your committee.

The proposal will provide access to postsecondary education opportunities for all students, including the poor and disadvantaged. It restores the proper balance between grants and loans so the very poorest do not leave school under a huge burden of debt. It improves the integrity of the aid programs. And it enhances the effectiveness of the programs through simplification and improved administration. To ensure that the TRIAD of the states, accrediting bodies and the federal government continues to function, the NATTS/AICS plan contains measures to strengthen each member's roles and responsibilities, to develop a system of standards by which they can be evaluated and to improve communication among members.

The plan recognizes that people should have access to the type of education that best meets their interests and abilities, whether at a four-year college or private career school.

Moreover, the proposal calls for a number of reforms that will clarify the accountability of all players involved in the student aid programs and create ways to curb abuse - reforms that will help restore everyone's confidence in these programs.

It is no mistake that many policy makers have called the reauthorization of the Higher Education Act one of the most important pieces of social legislation this Congress will address. The issues and their ramifications will impact each individual and his or her ability to pursue the American dream. On a broader scale, it will solidify our nation's commitment to educational opportunity and to producing a skilled American workforce.

Thank you.

Mr. PAYNE. Thank you very much for this excellent panel.

Our time is sort of running out, and I will not take too much time here. I do want to mention that some of your ideas have certainly been ideas that are becoming pieces of legislation.

Mr. Katz, there is a bill introduced by Congressman Penny and pending in the committee which I am a co-sponsor of, and perhaps some of our other members here, on the loan repayment during the medical and other kind of professional internships.

I understand Mr. Petri has a bill that Congressman Andrews was talking about that deals with that issue.

We have met with Dr. Kirkland from Rutgers here in regard to the direct loans and how this—which makes a tremendous amount of success, to cut a lot of the red tape and bureaucracy out.

We have seen students testify in Washington, Ms. Andrea, with the loan form and just took it through it step-by-step, and we know the frustrations and you, too, Ms. Saleh, about the problems and the confusion and people simply quit. They feel in many instances that something is put before them so that they will get frustrated and quit and leave, and, so, I just kind of concur generally with all of your testimony.

Dr. Krivy, I think we need to take new bold approaches. We have to come up with some new innovative ideas, and I think that your thoughts are interesting and would like to see them in more detail, and, Mr. Brown, I concur with you. We cannot just throw out all the babies with the bath water. We have to find a way of being able to evaluate if it is bad business to do business in Newark with the proprietary schools, then none will be there, and that would be unfair to those who want to do the right thing or for those institutions that want to do the correct thing, and, so, I agree with you.

We cannot simply take one kind of standard and say that this is a failure if you fall below 30 percent default or something, you are out. I think we have to compare things. We have to talk about how we make people more responsive, but we have to also get out those who do not care about the students and there are many of them. We have to police our own industry and that is very difficult to do in any industry.

So, I would just leave that and will not ask any questions but just would like to tell you that I agree with what you are saying and hopefully some of these, if possible, all of these changes will come about.

I will yield the balance of my time to Congresswoman Roukema.

Mrs. ROUKEMA. Thank you, Mr. Chairman.

Mr. Katz, you have made a very strong persuasive case, and certainly I agree with you on the loan repayment schedule. I will be looking at Mr. Petri's bill and Mr. Penny. I must confess that I am not familiar with them, but if, based on your testimony, they can be improved, we will improve it, but I think you clearly have made an excellent case, and we will have to pay attention to that.

With respect to extending the loan limit, I think there is a case that can be made for that. I do not know—from 7,500 to 10,000, I do not know whether we can effect it in this bill looking forward to 1994 budget cycle, but we shall certainly look at that because I think that goes hand-in-hand with the case that has been made for these graduate students.

Mr. Greenberg, I am not completely conversant with what happened with the administration proposal, but as you may know and you referred to, what, the assistant secretary, Tom Butts?

Mr. **Greenberg**. Tom Butts was assistant secretary in the seventies and early eighties. It is he who made the estimate.

Mrs. **Roukema**. Yes. It was his proposal, and it was initially floated by the administration in the President's original budget.

What I do not know quite is what happened to it. I for one was taken up with the thought and had done some preliminary investigation into how we can solidify that loan payment as you have outlined it, but I understand that it has been pretty much dropped.

I do not know for a certainty, but I do understand that it reached—there are indications that it has had some budget implications perhaps or other implications that maybe OMB did not approve of.

In any case, I think it certainly is worthwhile for an investigation, and if it cannot be done in this higher—reauthorization, it certainly is something that is worthwhile for the future.

Again, I do not know exactly where it lies at this point, but we have not investigated it thoroughly as a subcommittee, but it is very—a very viable program as far as I can tell.

Of course, you would have to deal with the banks in terms of getting that through. So, we shall certainly look into that.

I would only finally say that—I think I have said all I really should say on this student loan default program, except that I will tell you that Lincoln School is not among the bad apples that we have talked about. They have an admirable record, and their default rate is well within bounds.

That is partly a function of what I alluded to earlier. As in most of the proprietary schools in the State of New Jersey, they are well-regulated and well-accredited and the State does a good job and the schools do a good job. I certainly concur with what Mr. Brown has said, that this is an integral part of our higher education system, and we have to do what we can to strengthen it.

At the same time, it is a scandal that has festered for too long among many schools and in many States, and to the extent that it denies students both jobs as well as denying other worthy students of loans, we have to work together hand-in-hand to solve the problem.

I will not go into the full details of my reform program. Mr. Brown and I and his organization have discussed this at length. We do not necessarily have meetings of the minds, but I hope by the time we have gone through this reauthorization cycle that we will have, and, so, finally, I am sorry, you have not quite convinced me about the merits of the substitute proposal as far as Congressional Methodology.

I do not know how the calculation is made or the conclusions come to that the triple income substitute for the value of the home—I do not know whether that is fair or not.

I will be glad to look at it, but I do not know when this proposal was put forward. Interestingly enough, 3 years ago and 2 years ago and 1 year ago, no alternative proposal was advanced, and the committee indeed did adopt the Congressional Methodology that would remove the fixed asset, whether it is a home or a ranch, a farm or a small business, from the calculation, but we will be glad to look it over.

I just do not know how they came to their conclusion of triple income value.

Ms. Andrea, do you have any insight as to how that calculation came about?

Ms. **Andrea**. I can yield right now, if you do not mind.

Mrs. **Roukema**. Please.

Ms. **Andrea**. To Ms. Saleh, you may have more in-depth information.

Mrs. **Roukema**. Please.

Ms. **Andrea**. But we can also provide it to you after the fact.

Mrs. **Roukema**. I think perhaps time will require that we——

Ms. **Andrea**. We can most definitely provide that to you after the fact so you can look at the research that brought that to the forefront.

Mrs. **Roukema**. Thank you.

Thank you, Mr. Chairman. I do appreciate the value of this panel.

Mr. **Payne**. Thank you very much.

Congressman Andrews?

Mr. **Andrews**. Thank you, Chairman.

Let me thank the members of the panel and also thank both the majority and minority staff of the subcommittee, and the staffs of our three offices, for all the hard work they did to make this hearing a reality. We appreciate everyone's hard work. You did good work.

It seems to me that this final panel has touched on some of the main themes that I know are going to be coming up in the debate over reauthorization.

Mr. Katz touches on the need to provide some repayment relief if we are going to direct people to certain necessary fields, such as medicine, which raises the broader issue of whether or not we should tie exemptions or relief in loan repayment to national service.

There are some suggestions, for example, that if those in the medical provision fields are willing to go to rural areas or inner city areas that suffer from lack of medical care, that some of their loans would be forgiven or exempted.

Ms. Andrea and Ms. Saleh give excellent testimony as to the complexity issue, you know, the notion that if you can fill out the financial aid forms, you probably do not have to go to college because you have such analytical insight and organizational skill that you probably have all the skills you acquire there anyway.

Dr. Krivy's proposal is extremely interesting, I think, because it gets at the fundamentals and does not just nibble around the edges. I mean it talks about the fact that we have an opportunity gap in the country.

Lots of people who want to get a higher education are not getting one at all, and lots of people who could qualify to go to a higher level of education are not getting to that higher level because they cannot afford it.

I want to commend Mr. Brown and his association for understanding that there is a problem that has to be dealt with. And for showing the leadership how to try to find a constructive way to do that. I also want to commend him for pointing out that what the career schools are doing is really filling a gap that no one else is filling and pointing out that our economy, without those career schools, would be a place that is even more unskilled, that is even less competitive, and less prepared to go compete with other economies around the world. I think he makes that point very persuasively.

In closing, I want to return to what Mr. Greenberg said because I think that he has touched on an idea that I think is the single most powerful idea in this entire reauthorization process. Everything we have heard today shows that to expand opportunity requires more money. It does require more money to elevate the level of Pell Grants or to broaden the scope of entitlement.

It requires more money to delay loan repayment schedules because there is less revenue coming back into the program. It requires more money to reauthorize at higher levels some of the TRIO Programs we heard about, and you will rarely find anyone who opposes any of those ideas.

The problem, of course, is that the Federal Government is spending $400 billion a year more than it is taking in in revenue and has a host of demands being made on its resources.

What I think is most intriguing about Mr. Greenberg's testimony is that he has identified for us a way to substantially broaden access to financial aid and substantially reduce its costs for some people without adding dollars to the Federal budgetary commitment.

As I understand it, we are spending $5.3 billion a year in the student loan programs, give or take. Only $2.8 billion of that money is presently underwriting interest subsidies for people that are borrowing money. About $2.4 or $.5 billion is going to pay defaulted loans and another couple hundred million is going for administrative costs.

What is intriguing about Mr. Greenberg's idea is that we could take those same dollars and leverage a substantially-higher number of principal dollars to encourage more students to borrow.

My quick calculations of it indicate that if there is a one point spread in what it costs the banks to borrow money versus what it would cost the Federal Government to borrow money, and I think that is a very conservative estimate of the savings, a one point spread coupled with a 20 percent reduction in our default rate would permit us to make $10 billion a year more available in principal in student loans.

Translated, that means that we could go to two million families in the country who do not presently receive funding and say you can borrow $5,000 a year for each of the years of your education. Two million more people without increasing the amount of money we are spending on this.

Mr. Greenberg, I really have less of a question than a sort of devil's advocate point I would ask you to respond to.

There are two arguments I have heard against your idea. The first is that it would cost the Department of Education so much in administrative costs to take over direct lending and the Department of Education is so inept, not my conclusion, the conclusion of the critics, the Department of Education is so inept that it would wind up costing us more to do it this way because of the loss of administrative efficiency.

The second argument that is made is that how can we be sure that in fact this interest rate savings is going to occur?

I mean is the market going to respond in a different way and kind of clamp down on us and not achieve the savings? How would you respond to those two criticisms?

Mr. **Greenberg.** First, in terms of the Office of Education, it currently is involved with the Perkins Program. We have had the Perkins Program, which started in 1958, as the national defense student loan program, and at Rutgers, with very small or no, and lately it has been no, Federal capital contribution.

We loan what we collect and we collect most of the principal, there are some small defaults, and an interest amount. That goes through OE with relative ease.

The proposal that we are suggesting would apply the rationing principles of the Pell Grant eligibility for institutions to the amount of money that would be made available to the institution. In short, if you have a large number of needy students by accepted criteria, you would be permitted to loan more funds, and those monies would come according to either existing Pell formulas or something new that the OE would develop.

As far as the back end of it, the collection end of it, there is no reason why OE has to be in that. It can in a competitive bidding situation bid it out to the commercial market or, in the case of New Jersey, employ the New Jersey Higher Education Assistance Authority, which has a 1.29 percent default rate I am told by the people there, do an excellent job of loan collection.

So that OE would have some administrative costs but certainly not huge amounts that it could not contract out for at competitive rates.

Now, as far as the interest rate, the Federal borrowing, as you know better than I, goes on all the time. The T-Bill rate would—for refunding those parts of the debt for operations that it funds would not be materially affected by a program that is under $10 billion in my view.

Mr. **Andrews.** I agree with that.

You know, I think that this really boils down to if you assume that you can achieve the same efficiencies in administration through contracting out the services, which I believe you can, then the fundamental issue here is whether the $5.3 billion we are already spending goes to student loans or bankers' profits, maybe that is why the administration kind of walked away from the idea, and we did hear something earlier on. We have not heard anything—when we had our hearing in Washington on this and asked the assistant secretary, the answer we got was, well, they never really fully hatched a program so that is why it did not find its way into the administration bill.

If there is a way that we can direct upwards of a billion dollars a year that we are already spending, not additional outlays but already spending, toward leveraging additional $10 billion in aid, then we would be hard-pressed to explain to the public why we did not do that.

I thank you all——

Mrs. **Roukema**. Would the gentleman yield?

Mr. **Andrews**. Sure.

Mrs. **Roukema**. I just have a question on that, and I do think we will have to hear from OMB to see how they weigh in on this because there may be—I suspect that there are cost implications that have not become apparent in your quick calculation, but I do have a specific question.

Mr. Greenberg, where does the initial capital come from?

Mr. **Greenberg**. Let me try to explain it as I understand it.

Mrs. **Roukema**. Yes.

Mr. **Greenberg**. Under the 1990 Congressional Omnibus Budget Reconciliation Act, there was a restatement as to guaranteed versus loan monies, and as I understand it currently, the costs in the annual budget, including that part of it that would go into the current Federal deficit, is an accrual basis of the borrowing costs and estimated default and the administrative costs of that loan.

The capital from that loan is borrowed in effect off budget.

Mrs. **Roukema**. Yes.

Mr. **Greenberg**. Now, this would mean an increase in the Federal debt load, but, also, since there would be a collection, it would be recycled and come back to reduce the debt.

Mrs. **Roukema**. The revolving fund that we had.

Mr. **Greenberg**. Your revolving fund, exactly.

Now, this is different than it was prior to the congressional action of 1990, and the monies would come from the same market that the Federal Government goes to when it sells T-Bills.

Mrs. **Roukema**. Thank you.

Mr. **Andrews**. I would like to thank all the members of the panel. Thank you very much.

Mr. **Payne**. Let me thank all of you again for your fine testimony.

I certainly appreciate these new ideas and what we have heard today. You know, the national defense loan, many people may not recall it, it was because the Soviet Union sent up the Sputnik and our national government decided that we needed to catch up in space, we needed to, as President Kennedy came in and said, we need to put a man on the moon first, and, so, we start national defense because we felt it was important for the future of this country.

I think we are at the point now when we need another national-type defense program because we are losing in our competitiveness, our balance of trade. Although they say it is a surplus, they say, well, it may be Persian Gulf money coming in, paying for events. I am not sure exactly how that surplus we have had for a month or so is supposed to be, but we are—we can look outside and see one out of two foreign-made cars. So, you know that the balance of trade is not going well.

And, so, if we look at our problem of competitiveness of the year 2000, the common community in Europe which will have 300 million people without tariffs and import embargoes on goods, which will make their production less, when we look at the development in Asia and the industrialization of other places, I think we really need to talk about increasing and improving our education from pre-school on up through higher ed, and, so, we are unfortunately caught into a 5-year summit budget agreement, and there is not going to be much flexibility because a law was passed last year that tells us what we can spend in a particular area, but, hopefully, we can start working towards changing the priorities of the country so that as we come up for reauthorization next time, we can turn this whole thing around or we will continue to see ourselves decline.

I would just like to certainly thank my colleagues. As you can see, we are very fortunate in New Jersey to have such experienced and knowledgeable people, both experienced and inexperienced. We have a guy in the middle, fence-straddler, here, but we certainly would once again like to compliment the staff, both minority and majority staff, from Higher Education and our personal staffs that worked very hard.

I know my staff person, Trinita Brown, is here, and Allison is here also. I did not want to just say mine and then have them get angry with me. You have got to work with staff, you know.

Mr. **Andrews**. We pay our people.

Mr. **Payne**. Okay. And I would just like to conclude that we did receive testimony from the New Jersey Cooperative Education Association and the New Jersey Board of Higher Education, which will be entered into the record.

And I ask unanimous consent to allow the record to remain open for 10 days so that we would welcome additional testimony.

At that, the meeting stands adjourned.

Thank you very much.

[Whereupon, at 1:30 p.m., the subcommittee adjourned.]

[Additional material submitted for the record follows:]

NEW JERSEY COOPERATIVE EDUCATION ASSOCIATION

NjCEA

June 18, 1991

The Honorable Donald Payne
970 Broad Street
Room 1435 B
Newark, NJ 07102

Dear Representative Payne:

Cooperative Education is a valuable and well established program throughout the State of New Jersey. It is a program that provided career oriented job opportunities for almost 5,200 college and university students within the state in 1990. Indications are that even in a period of economic downturns the results are likely to be duplicated in 1991. Without the continued funding under Title VIII it is unlikely that the current level of activity can be sustained. As the president of the New Jersey Cooperative Education Association, I urge your support for the reauthorization of Title VIII of the Higher Education Act of 1965 which is presently being considered.

Presently nine community colleges, six state colleges and six private colleges and universities offer Cooperative Education programs in New Jersey. In 1990 students were placed in jobs relating to their major with over 2,800 employers. Of all the placements made approximately 98% of the students received salaries ranging from $5 to $12 an hour with the average around $7.50. In all but one case academic credit was awarded for the experience. Of all placements 49.2% were female. Twenty five disabled students were also placed.

Title VIII funding is not a giveaway program, but one that actually generates current revenue through taxes paid on student earnings and thereby strengthens the economic base. It is estimated that in 1990 Co-op earnings nationally exceeded $1.875 billion which resulted in federal taxes and social security collections of approximately $225 million. The return on the investment of Title VII funding was approximately 1600%.

In today's economic environment and during the building of cultural diversity in the work force, Cooperative Education is especially beneficial to low and middle income families who find

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themselves ineligible for financial aid programs and thereby being priced out of a college education. Co-op has also been recognized as an excellent vehicle for introducing minorities, women and people with disabilities into the work force. In many cases veterans have found Co-op to their advantage especially when many find themselves ineligible for financial aid.

On a broader scope Cooperative Education benefits (1) students who have the opportunity to reinforce classroom learning, instill work ethics, develop confidence and maturity and to improve career skills and awareness, (2) institutions who can attract new students, motivate employers to invest money and expertise into the educational process and to keep curricula current with state-of-the-art training, (3) employers who can cut costs while meeting recruiting goals and training objectives, participate in the education process and achieve results without making long-term commitments, although 60% of all co-op placements result in full-time job placements subsequent to graduation.

Title VIII reauthorzation is vital and increased funding is necessary particularly in light of the escalating cost of higher education, fiscal constraint in institution finances and the burgeoning student debt and default rates.

Passage of this legislation represents an opportunity for the Congress to continue what has been a productive and effective investment.

In your capacity as a member of the House Subcommittee in Postsecondary Education we urge your support for continuation of Title VIII funding.

Yours truly,

Albert Foderaro

Albert Foderaro
President
New Jersey Cooperative Education
Association
c/o County College of Morris
214 Center Grove Road
Randolph, NJ 07869-2086

REAUTHORIZATION: SETTING THE AGENDA FOR NATIONAL HIGHER EDUCATION POLICY IN THE 1990'S

STATEMENT BY NEW JERSEY BOARD OF HIGHER EDUCATION
JUNE 15, 1990

New Jersey Department of Higher Education
CN 542, Trenton, New Jersey
T. Edward Hollander, Chancellor

EXECUTIVE SUMMARY

NEW JERSEY BOARD OF HIGHER EDUCATION
Reauthorization: Setting the Agenda for National Higher Education Policy in the 1990's

The Higher Education Act of 1965 is due to be reauthorized in 1991. This paper reflects four national priorities which should be addressed through the reauhtorization process: access, equity, excellence and accountability. Recommendations in each of these areas is included below.

ACCESS

1. The Pell Grant Program should be restructured to provide the assurance that access to higher education will continue to be the first priority of national education policy.

2. The Guaranteed Student Loan Programs should be restructured to accent their original purpose of supporting choice for moderate and middle income students. At the same time, they should be seen as a supplement to grant aid and as a gradual replacement for grants as a student demonstrates the ability to progress through a postsecondary program.

3. Federal need analysis procedures and applications must be simplified for low and moderate income students.

EQUITY

4. The state-federal partnership should be revitalized through a reconfigured SSIG program focused on minority participation and achievement in postsecondary education.

5. Partnership programs linking the federal government, states, business, labor, and institutions should be developed, drawing on the innovative models that states such as New Jersey have designed and implemented.

6. The existing TRIO programs which prepare students from disadvantaged backgrounds for higher education should be supported by greater funding and longer term commitments from the federal government. Support for Title III - institutional aid must also be continued.

EXCELLENCE

7. Current federal grant programs for graduate and professional student study should be expanded and strengthened, and new programs and policies should be developed.

8. Programs designed to encourage graduate study by minorities should be given high priority by policymakers concerned with the dual problems of minority participation in postsecondary education and the pressing need for increases in the number of persons receiving graduate training in critical areas.

ACCOUNTABILITY

9. Greater accountability on the part of institutions and states must be required by the federal government prior to certification for the receipt of federal student aid funds.

10. A statement of national goals for higher education should be developed through a cooperative effort of the federal government, states, and institutions. The federal government should collect data and information to measure how well institutions, states, and the federal government are doing to achieve these goals.

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Reauthorization: Setting the Agenda for National Higher Education Policy in the 1990's

A Statement by the New Jersey Board of Higher Education

The process leading to the Reauthorization of the Higher Education Act provides an important opportunity to reassess the goals and assumptions of our national policy of higher education. Forces are now at work at the societal and geopolitical levels that are rapidly changing the nation and the workforce it will have in the future. The growth of new economic powers in Asia and Europe, and the decline of communism across the globe, has altered the international political landscape and will change the United States' position in the global community and the international economy. The challenge to recapture and maintain this country's economic momentum will require American higher education to provide a highly educated labor force, not just trained for particular jobs, but educated to adapt to change. While there will be an increasing demand for an educated workforce, demographic changes will make it more difficult to meet that demand.

- The coming to adulthood of the "baby bust" generation and the consequent shrinking of the traditional pool of entry-level employees threatens serious work force shortages and potentially dangerous curbs on economic growth.
- The composition of the labor force will change, with significant increases in the number and proportion of minority, female, older, and limited English speaking workers. Unfortunately, it is precisely these populations that the educational systems have least effectively served in the past.

The growing disparity between the future demand for an educated workforce and the potential supply requires a review of the shortcomings in the current structure of support and incentive programs contained in the Higher Education Act. States should play a leading role in this process, working with the federal government in reexamining the goals and purposes of the Act. The following principles should define the roles of each:

--- Governance of and support for postsecondary education are primarily state responsibilities. States spend two to three times more on higher education as the federal government, and are responsible for licensing schools and setting standards of public accountability. However, the federal government must work to develop national goals and implement programs and policies which transcend the abilities and resources of states.

-- Federal policies should be designed around the concept of partnership with the states. As laboratories for innovation, state programs and policies should be seen as models for national efforts. Federal policies should seek to encourage states in the areas of equal educational opportunity, access, and excellence by providing incentives to increase their commitments and resources.

The federal role in higher education policy must focus on goals which are of true national priority:

ACCESS--Higher education must be broadly accessible so that every person who has the desire and the ability to benefit can pursue higher learning in a field of study and in an educational setting that suits his or her needs, talents, and interests.

EQUITY--Higher education must be equitable in its treatment of all student regardless of economic, social, or physical disadvantage. Minority student access and retention are at the forefront of concerns in this area.

EXCELLENCE--Higher education must provide instruction, research, and service that meet the highest standards of quality. Current national priorities are to enhance graduate education and faculty development and improve facilities in key areas, such as research.

ACCOUNTABILITY--Higher education must be accountable to the public and address the nation's most crucial needs and concerns. Priorities in this area include improving state licensure and oversight and establishing national goals for higher education.

I. ACCESS

The student assistance programs of Title IV of the Higher Education Act are the centerpiece of the federal commitment to a policy of access to higher education. The inability of current federal policies and programs to assure access to college for low and moderate income students is evidenced by the following:

-- Pell Grant appropriations and award amounts did not keep pace with rising college costs in the 1980's.

-- Eligibility for all assistance programs has been increasingly restricted for traditional dependent college students through the assumptions in federal need analysis.

-- The scarcity of federal grant funds and more restrictive eligibility criteria have resulted in a greater reliance on student loans, particularly by low and moderate income students.

-- An increasingly large proportion of federal student assistance funds is being used to support short-term job training programs in private vocational schools.

The erosion of federal student assistance at New Jersey colleges during the last decade is unmistakable. In 1980 New Jersey college undergraduates had nearly $150 million in federal aid available to them, which met thirty percent of their aggregate college costs of $500 million. By 1988 they were eligible for only $100 million in Title IV funds, which covered less than ten percent of their total college costs of over $1 billion. At the same time in 1988, federal student assistance programs were providing just as much support - $100 million - for short-term job training programs in New Jersey's private vocational schools.

In addition to the real decline in federal support, the perception that a college education is too expensive for low and moderate income families has spread. The annual increases in college costs are widely reported, as are the annual uncertainties about the funding of federal student assistance programs as they go through the budget and appropriation process. The uncertainty about the availability of aid is compounded by the complexity of the aid application process and the federal need analysis requirements. All of these are barriers to access to higher education because they contribute to the belief that poor children cannot afford to go to college.

The existing structure of federal aid programs has failed to convince the poor that access to a college education is a reality. This is confirmed by the excitement created by Eugene Lang's promise to pay the college costs of a class of inner-city school children, and the similar programs which he inspired. The reactions of the children and their families were clear: they did not believe that a college education was affordable without the aid of a private benefactor. A truly effective national policy of access to higher education would have provided the assurances that are clearly lacking in the current structure of the student assistance programs.

1. The Pell Grant Program should be restructured to provide the assurance that access to higher education will continue to be the first priority of national education policy.

In order to achieve this goal, the program's structure and funding should be altered as follows:

- Make the program a true entitlement, thereby removing the threat of annual budget shortfalls and the consequent reductions in actual award amounts. This would guarantee that all students who are eligible would, each year, receive a grant in the amount that is needed.
- Adjust the annual award schedule to reflect changes in educational costs.
- Raise the maximum award for the first year substantially to reflect a minimum tuition level plus a living allowance. For example, the award amount could equal the average two year tuition and fees plus a basic living allotment.
- Provide higher grant awards in the early years of a student's collegiate career and gradually replacing them with loans as that career progresses. Maximum loan levels should be increased on an equal footing with decreases in grant levels, thereby ensuring access without the higher risk of making loans to first year students.

2. The Guaranteed Student Loan Programs should be restructured to accent their original purpose of supporting choice for moderate and middle income students. At the same time, they should be seen as a supplement to grant aid and as a gradual replacement for grants as a student demonstrates the ability to progress through a postsecondary program.

The most controversial public policy issue in higher education over the last few years has been the role that student loans should play in the financing of postsecondary education. The increasing cost of student loan defaults has eroded public support of the loan programs. Those who default are typically poorly prepared, low income students, usually enrolled in short term vocational programs or who dropped out of a traditional higher education program in the first two years.

There are two important principles upon which future student loan policy should be based. First, the reliance on loans as a means of access to postsecondary education must be stopped in order to eliminate the hardships of default, especially on low income, disadvantaged students. Second, policies should be devised that emphasize preventing defaults before they occur.

To address these concerns, the following steps should be taken:

- o Increased levels of grant aid must be provided to first year students through the restructured Pell Grant program.
- o The current loan limits for first year borrowers should be maintained to minimize debt burden and reduce defaults by the highest risk students.
- o Annual loan limits should be raised as Pell Grant awards are decreased beyond the first year. A reasonable amount might be an additional $1,000 per grade level.
- o All first year borrowers should be required to have a high school diploma or equivalent or demonstrate proficiency in basic skills through third party standardized testing.
- o SLS loans should not be made to students in the first year of study, except for those who are over twenty-one and can demonstrate credit worthiness.

3. Federal need analysis procedures and applications must be simplified for low and moderate income students.

The complexity of the current student aid process, as exemplified by lengthy application forms, confusing instructions, and a lack of information about financial aid availability and eligibility, serves as a deterrent to participation in postsecondary education, especially among low income students. In addition, some of the assumptions about the ability of low and moderate income families to contribute from home equity and student earnings should be changed.

The complexity of the current student aid application process could be greatly reduced through the following:

- Categorical exemptions, such as those for families and students who receive other forms of federal aid (like AFDC or Food Stamps), should be implemented into the programs. Students who meet these categorical criteria should be required only to demonstrate their participation in these other federal programs.

- The reapplication process for all students should be simplified. A student should be able to receive the information provided during the previous year and thereby make changes only for those data items that have changed.

- Low and moderate income families should be exempt from a family contribution assessed on home equity; the maximum contribution from home equity for middle income families should be limited to not more than 5% of annual family income.

- The dependent student contribution from earnings should be restored to a fixed and reasonable amount for all first-year students, instead of assessing 70% of what was earned in high school or the year prior to enrolling in college. The assessment on continuing students should be lowered to 50% of prior year earnings, with a maximum set at 5% of parents' income so that the student contribution would be proportional to the family's financial circumstances.

- Any changes in the federal aid delivery system, including simplification of applications, must make adequate provision for the continued coordination of state and institutional aid programs.

II. EQUITY

A strong national commitment to access through restructured federal student assistance programs will not be sufficient to address another national problem, the underrepresentation of minority students in higher education. Federal policy must put increased emphasis on raising college participation and persistence rates, especially for minority students. Although equity is a central concern, improvements in the educational achievement of minorities is essential for the development of a skilled national workforce.

High school graduation rates continue to be much lower for blacks and Hispanics than for whites. Although the number of blacks and Hispanics enrolled in colleges has recently increased because the population of young adult minorities has grown, the proportion of minority high school graduates enrolled in college has declined almost continuously for over a decade.

Efforts to improve minority success cannot focus on just one area or emphasize just one approach. Students from disadvantaged areas, especially urban localities, need outreach programs to develop an awareness of the importance of higher education and the availability of financial support. They also require strong support services in the colleges to make sure they succeed, and programs targeted at improving undergraduate instruction to ensure that institutions lead the way in reinforcing this success. Attention also needs to be focused on campus climate issues as well. A "full service" approach to access and support programs for minority and disadvantaged students, like the New Jersey Educational Opportunity Fund, would best serve the needs of these students.

4. The state-federal partnership should be revitalized through a reconfigured SSIG program focused on minority participation and achievement in postsecondary education.

The most effective vehicle for achieving this goal could be the existing State Student Incentive Grant (SSIG) program. While SSIG was designed more than two decades ago to leverage state grant dollars by requiring a fifty percent state match, the majority of states have now far exceeded the required amount. SSIG has largely accomplished its goal; an adequately funded Pell Grant program would more than compensate for the amount in SSIG funds now awarded through state grant programs.

Because SSIG has been a tremendous success for the federal government and the states, the concept that it represents should not be discarded. Nowhere else in the Higher Education Act does a program of federal-state partnership, founded on achieving equality of educational opportunity, exist. Therefore SSIG should be continued, but in a new form to leverage state dollars and encourage innovation by the states in the areas of minority participation and retention.

This new state-federal partnership program should have the following components:

- Funds authorized for the student assistance component of SSIG should be phased out over the next 5 to 7 years.
- A new SSIG program should be established which provides challenge grants to states on a

competitive and matching basis. These grants would be used by states to establish innovative programs designed to increase minority participation and success in higher education.

5. Partnership programs linking the federal government, states, business, labor, and institutions should be developed, drawing on the innovative models that states such as New Jersey have designed and implemented.

Building on the federal-state partnership of a new SSIG program, the federal government could also work to improve other partnerships aimed at providing an array of programs and services for disadvantaged students. The focus of funding should be on projects that can demonstrate success in improving access and retention for low income and disadvantaged students.

Among the numerous models that might be funded are:

- o A guaranteed access and support program, modeled after Eugene Lang's "I Have a Dream" Foundation, which provide both financial assistance and counseling, support, and mentoring.
- o Pre-college programs, which would allow students to begin to gain access to collegiate level learning prior to high school graduation.
- o A national scholars program, designed to encourage academic achievement by low income and disadvantaged students. This could be modeled on New Jersey's Urban Scholars program, which provides merit-based recognition and support to students in districts with a high proportion of low socioeconomic status residents.

6. The existing TRIO programs which prepare students from disadvantaged backgrounds for higher education should be supported by greater funding and longer term commitments from the federal government. Support for Title III - Institutional Aid must also be continued.

The TRIO programs, including Talent Search and Upward Bound, are important and proven effective vehicles for improving access and retention for minorities pursuing higher education.

- o Funding for all of the TRIO programs should be significantly increased to reach a higher proportion of the eligible population. Currently only a fraction of the possible recipients of TRIO support are served.

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- Funding for institution-based TRIO efforts should be tied to the number of minority or disadvantaged students enrolled. This would help to provide incentives to schools to emphasize both participation and persistence.

- To address the concern about retention of minority students in higher education, funding should be increased for the Special Services for Disadvantaged Students program, which focuses on remedial and other special services for disadvantaged students already accepted or enrolled by higher education institutions.

In addition, the federal government must continue to support institutions through Title III - Institutional Aid. These programs provide additional assistance to strengthening and developing institutions as well as historically black colleges and universities.

III. EXCELLENCE

The imperative for excellence in American higher education is based on several fundamental principles. First, the quality of instruction, research, and service provided by American colleges and universities must be constantly improved and refined to meet the challenges of the global economy as well as American needs. Second, current and future needs of the system in terms of personnel and instruction must be met in order to ensure that American higher education stays at the forefront of world learning, especially in the areas of science and technology. Third, an informed and educated citizenry forms the essential basis of a stable democratic society.

One of the most pressing need in American higher education regarding excellence concerns the probable faculty shortages that will result in the near future. Because of three converging factors--the aging of the faculty (approximately 25 percent of all professors are within ten years of retirement); the composition of faculty in major fields relative to student demand (there are already severe shortages in engineering, computer science, and other technical fields); and the number of new Ph.d.s entering the academic market each year--serious faculty shortages are projected within the next decade. This represents a threat to the integrity of American higher education and its importance to the nation in meeting the challenges of the future.

If the nation is to compete in the world economy, students at American colleges and universities must have the opportunity to develop minimal skills in foreign languages, science, and technology and learn in disciplines where needs are present, such as health sciences, engineering, and education. More minorities and women must be encouraged by the federal government to pursue higher education beyond the bachelor's degree.

7. Current federal grant programs for graduate and professional student study should be expanded and strengthened, and new programs and policies should be developed.

Title IX of the Higher Education Act is the primary vehicle for graduate support through the Department of Education. Yet Title IX programs are not funded at levels approaching their authorized amounts. To meet the needs of graduate student study, the following changes should be made to Title IX programs:

- The Patricia Roberts Harris Graduate Fellowship program, which provides nearly one half of the graduate and professional federal grant support focused on minorities and women, should be expanded to support a larger number of students. The program would also benefit from an increase in the amount of student support provided, which would help to improve retention and likely reduce the time-to-degree.

- The Jacob K. Javits Fellowship program is the only federal program that is designed to promote graduate study in the arts, humanities, and social sciences. It has been the source of frequent budget disputes and inadequate staffing by the Department of Education. The program should be adequately funded and appropriately administered by the Department.

- The Graduate Assistance in Areas of National Need program provides grants to academic departments and institutions to support graduate study designated as national need areas, including mathematics, science, engineering, foreign languages, and other areas. This program also needs more funding and better management by the Department of Education to increase the number of graduates in these critical areas.

8. Programs designed to encourage graduate study by minorities should be given high priority by policymakers concerned with the dual problems of minority participation in postsecondary education and the pressing need for increases in the number of persons receiving graduate training in critical areas.

Of the 24,000 doctorates earned by U.S. citizens annually, only 800 are earned by blacks and 600 are earned by Hispanics. Likewise, black students account for only about six percent of medical school enrollees nationwide. These and other similarly disquieting data indicate serious lapses in the nation's ability to bolster levels of minority participation and graduation beyond the undergraduate level.

To meet some of these needs, steps outlined above should be taken. In addition, the following additional actions are warranted:

- The Grants to Institutions to Encourage Minority Participation in Graduate Education program, contained under Part A of Title IX, provides research internships to promising minority undergraduates to interest and prepare them for graduate study. This program should be better funded and targeted on a much broader audience of possible recipients.

- Other undergraduate research and early identification programs should be developed, including those targeted on increasing the pool of minorities in graduate programs in medicine, dentistry, engineering, and other underrepresented fields.

IV. ACCOUNTABILITY

The current national debate over the student loan defaults has revealed the inadequacies of the system of accountability and the process by which institutions become eligible for federal student aid funds. Problems with the current system are numerous, especially in non-degree granting institutions offering vocational programs:

-- inadequate standards for oversight by voluntary accreditation associations;

-- inconsistent and weak state licensing standards and monitoring of non-degree granting institutions;

-- unprepared students enrolling in programs in which they have little chance of success;

-- a high volume of defaulted loans, especially among those low income, disadvantaged students.

The lack of proficiency on the part of students leads to high rates of failure, especially if the program is ill-suited to the student's abilities. The high volume of loan defaults--frequently a consequence of the lack of proficiency--leads to even further losses. Not only are federal dollars wasted through defaults, but any further educational opportunity for those who have defaulted is forfeited. Inadequate accreditation standards lessen the overall effectiveness of postsecondary programs, and inconsistent state licensing standards perpetuate this system of lax quality control.

9. Greater accountability on the part of institutions and states must be required by the federal government prior to certification for the receipt of federal student aid funds.

Federal policy therefore must recognize the need for basic requirements for the effective use of student aid funds. These fundamental requirements should include:

- Uniform criteria and minimum standards of accountability must be required of the states by the federal government. These criteria and standards must be equally applied to non-profit and for-profit institutions.
- Basic skills testing of all students enrolled in an institution must be required and deficiencies remedied before admission to college level or vocational courses.
- Eligibility for institutions should be contingent on several events, including: regular monitoring of institutional performance standards; third party financial audits; tightened "ability to benefit" provisions; and consumer protection prerequisites designed to protect students and the public from institutional bankruptcy.
- Short term vocational programs of less than one year should no longer be funded through Title IV and instead should be equitably financed through a performance-based program, such as the Job Training Partnership Act.

10. A statement of national goals for higher education should be developed through a cooperative effort of the federal government, states, and institutions. The federal government should collect data and information to measure how well institutions, states, and the federal government are doing to achieve these goals.

The recent "education summit" set an important precedent for the development of national goals in education, but said little about the role of higher education in the nation's future. A clear statement of the national goals for higher education should be developed as part of the Reauthorization process and added as a preamble to the Higher Education Act. The National Center for

Education Statistics should focus its collection and dissemination of information on the condition of higher education on data which reports on progress toward these goals. For example, a uniform system of definitions should be developed so that measures such as a graduation rate can be compared nationally. Both the goals and the reporting of information should be designed in such a way that the state and federal efforts, as well as the institutions, can be measured and assessed.

Conclusion

The Higher Education Act must reflect the national priorities of access, equity, excellence and accountability. These are areas in which the federal government must take a more active role over the next decade to address the demands for an educated workforce and society. The recommendations contained in the paper reinforce the federal government's role as a partner in the higher education process.

The intent of this paper has been to examine the principles which should guide the reauthorization process. Although this paper focuses on four key issues for the reauthorization process, it is important to note that federal support is also crucial to higher education in other areas. Although not specifically covered in this paper, the federal role in supporting important activities such as research, science education, libraries and facilities needs must be recognized as well.

TESTIMONY FOR THE HOUSE
SUBCOMMITTEE ON POSTSECONDARY EDUCATION

PRESENTED BY

TIMOTHY M. RODGERS
PRESIDENT, PRIVATE CAREER SCHOOL ASSOCIATION OF NEW JERSEY
AND DIRECTOR OF THE EMPIRE TECHNICAL SCHOOL IN EAST ORANGE, N.J.

I AM SUBMITTING THIS TESTIMONY FROM TWO PERSPECTIVES, ONE AS THE PRESIDENT OF THE PRIVATE CAREER SCHOOL ASSOCIATION OF NEW JERSEY AND THE OTHER, AS THE DIRECTOR OF EMPIRE TECHNICAL SCHOOL IN EAST ORANGE. MY EXPERIENCES ON BOTH THE STATE LEVEL AND WITHIN MY OWN COMMUNITY HAVE EXPOSED ME TO CERTAIN ISSUES REGARDING PRIVATE CAREER SCHOOLS INCLUDING THE DEVELOPMENT OF A SKILLED WORKFORCE AND PRESERVATION OF EDUCATIONAL OPPORTUNITY TO ALL STUDENTS, REGARDLESS OF ECONOMIC BACKGROUND OR ACADEMIC CHOICE.

THE PRIVATE CAREER SCHOOL ASSOCIATION OF NEW JERSEY IS COMPRISED OF OVER FIFTY(50) SCHOOLS EDUCATING MORE THAN 57,000 STUDENTS ANNUALLY IN A VARIETY OF CAREER FIELDS. HERE IN NEW JERSEY, THE ASSOCIATION HAS BEEN RESPONSIBLE FOR INTRODUCING LEGISLATION WHICH REQUIRES ALL PRIVATE CAREER SCHOOLS IN THE STATE TO PAY LICENSING FEES TO SUPPORT ADDITIONAL STAFF IN THE STATE EDUCATION OFFICE OF PRIVATE SCHOOLS FOR THE PURPOSE OF MONITORING THE INDUSTRY MORE EFFECTIVELY. ADDITIONALLY, THE ASSOCIATION HAS BEEN ON THE FOREFRONT IN INTRODUCING LEGISLATION SUCH AS THE "STUDENT PROTECTION FUND", WHICH WOULD MAKE AVAILABLE UP TO TWO MILLION DOLLARS TO PROTECT STUDENTS ENROLLED IN SCHOOLS THAT DISCONTINUE BUSINESS. THIS FUND WOULD REIMBURSE STUDENTS WHOSE TUITION HAD BEEN PAID, BUT FOR WHOM TRAINING HAD NOT BEEN RECEIVED. THROUGH THESE AND OTHER EFFORTS, THE ASSOCIATION HAS REALIZED THE LEADERSHIP ROLE PRIVATE CAREER SCHOOLS MUST HAVE IN IMPROVING INTEGRITY AND ACCOUNTABILITY, WHILE ALSO PROVIDING CAREER OPPORTUNITIES THROUGH SUCCESSFUL, QUALITY PROGRAMS.

A NUMBER OF INFLUENTIAL STUDIES HAVE BEEN DONE REGARDING THE STATUS OF OUR YOUNG PEOPLE. RATHER THAN REHASHING MANY OF THE STATISTICS WHICH I KNOW MANY OF US ARE FAMILIAR WITH, I WOULD JUST LIKE TO HIGHLIGHT A FEW:

- ONLY 16% OF OUR NATION HAVE FOUR OR MORE YEARS OF EDUCATION BEYOND HIGH SCHOOL;

- 33.5% OF OUR NATION'S POPULATION AGED 25 AND OVER DOES NOT HAVE A HIGH SCHOOL DIPLOMA;

- 2.49 MILLION STUDENTS GRADUATED FROM HIGH SCHOOL IN 1988-89, AN 8.6% DECREASE SINCE 1980-81; AND

- 30% OF ELEMENTARY AND SECONDARY PUBLIC SCHOOL STUDENTS ARE MINORITIES, BUT ONLY 18.4% OF COLLEGE STUDENTS ARE FROM MINORITY GROUPS.

THESE FIGURES SUGGEST THAT A LARGE PORTION OF OUR POPULATION SPECIFICALLY THE AGE GROUP 17-24 YEARS OLD ARE "FALLING THROUGH THE CRACKS." THE W.T. GRANT FOUNDATION CALLED THIS GROUP THE "FORGOTTEN HALF" AND ASKED WHAT HAPPENS WHEN THEY TRAGICALLY DROP OUT OF HIGH SCHOOL? THE ANSWER, IT SEEMS NOT ONLY CREATES CONSEQUENCES TO OUR EDUCATIONAL SYSTEM, BUT TO OUR ECONOMIC WELL-BEING AS WELL.

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AS A RECENT U.S. NEWS & WORLD REPORT ARTICLE STIPULATED, "IN A REVERSAL FROM THE 1970'S, HIGHER EDUCATION NOW HOLDS OUT HUGE MONETARY REWARDS FOR AMERICANS, LEAVING MANY WHO HAVE ONLY HIGH SCHOOL EDUCATIONS ON A DOWNWARD PATH. AMID A BOOM IN COLLEGE ATTENDANCE IN THE EARLY 1970'S, THE AVERAGE GRADUATE EARNED JUST 15% MORE THAN A PEER WITH A HIGH SCHOOL DIPLOMA. BUT BY 1986, WITH JUST ONE OUT OF FOUR HIGH SCHOOL GRADUATES GOING ON TO COLLEGE, THAT HIGHER EDUCATION PREMIUM HAD RISEN TO 50 PERCENT. FAR MORE THAN JUST REWARDING WORKERS WITH SKILLS SUCH AS THE ABILITY TO READ BEYOND A SEVENTH GRADE LEVEL, THE ECONOMY IS SHOWERING ITS BOUNTIES ON PEOPLE WHO ARE PAID TO THINK: SOFTWARE DESIGNERS, LAWYERS, AND ENGINEERS. MEANWHILE, OPPORTUNITIES ARE DRYING UP FOR MILLIONS WITH ONLY HIGH SCHOOL DEGREES. THE HOURLY WAGES OF 25-TO-34-YEARS-OLD MALE HIGH SCHOOL GRADUATES FELL 18.3% IN REAL TERMS FROM 1973 TO 1989."

WE SEEM TO BE SENTENCING A LARGE PROPORTION OF OUR POPULATION TO A CYCLE OF UNEMPLOYMENT, POVERTY AND WELFARE WITHOUT GIVING THEM THE RESOURCES OR THE UNDERSTANDING TO ACHIEVE THEIR OWN AMERICAN DREAM.

AS A PRIVATE SCHOOL DIRECTOR, I BY NO MEANS AM SUGGESTING THAT A VOCATIONAL EDUCATION IS THE END-ALL SOLUTION -- BUT WHAT I AM SUGGESTING IS THAT EACH STUDENT SHOULD BE GIVEN THE OPPORTUNITY AND THE ALTERNATIVE TO CHOOSE THE TYPE OF POSTSECONDARY EDUCATION THEY WISH TO PURSUE. AND THE KIND OF POSTSECONDARY EDUCATION THEY CHOOSE WILL HAVE A DIRECT BEARING ON THE FUTURE SOCIAL AND ECONOMIC WELL-BEING OF THAT INDIVIDUAL.

LET ME GIVE YOU AT LEAST A PORTION OF THE ANSWER: THE NATIONAL PRIVATE CAREER SCHOOL PROFILE IS:

* 78% WOMEN
* 40% MINORITIES
* 54% FINANCIALLY INDEPENDENT
* 47% LESS THAN $11,000 INCOME
* 29% ATTENDED OR GRADUATED FROM ANOTHER POSTSECONDARY INSTITUTION.

WITH REGARD TO THOSE STUDENTS WHO HAVE NOT EARNED A HIGH SCHOOL DIPLOMA, MANY ABILITY-TO-BENEFIT (ATB) STUDENTS CAN BE SERVED AT PRIVATE CAREER SCHOOLS AND COLLEGES:

*9% OF PRIVATE CAREER SCHOOL STUDENTS DID NOT RECEIVE A HIGH SCHOOL DIPLOMA OR ITS EQUIVALENT PRIOR TO ENROLLING IN A PRIVATE CAREER SCHOOL.

*OF THE PRIVATE CAREER SCHOOL STUDENTS WHO ARE ATB, 42% ARE LESS THAN 24 YEARS OLD, 21% ARE 24-29 YEARS OLD, AND 37% ARE OLDER THAN THE AGE OF 30.

*37% ARE WHITE, 28% ARE BLACK, 28% ARE HISPANIC; AND 7% ARE OTHER RACES OR ETHNIC GROUPS, INCLUDING ASIANS AND AMERICAN INDIANS.

THE SUCCESS OF OUR ACADEMIC PROGRAMS IS BASED IN LARGE PART ON THE HOLISTIC APPROACH WE TAKE TO OUR STUDENTS. THE KEY TO EDUCATIONAL ACHIEVEMENT REQUIRES MORE THAN SIMPLY PAYING TUITION AND ATTENDING CLASSES. THEY MUST OFTEN ALSO CONTEND WITH THE MANY SOCIAL AND ECONOMIC COMPLEXITIES OF MODERN LIFE - LIFE SKILLS THAT MANY OF US LEARN EARLY, BUT, DUE TO THEIR ECONOMIC AND SOCIAL CIRCUMSTANCES, MANY HAVE NOT HAD THE OPPORTUNITY TO LEARN. SO, FOR STUDENTS JUST STARTING OUT ON THEIR OWN ACADEMIC CAREER, THE FINANCIAL AID PROGRAMS APPEAR TO BE AT BEST INOMPREHENSIBLE AND AT WORST IRRESPONSIBLE. TO SOLVE THIS DILEMMA, MOST PRIVATE CAREER SCHOOLS AND COLLEGES NOT ONLY TEACH THEIR STUDENTS A SKILL, BUT ALSO GIVE THEM A CERTAIN KNOWLEDGE OF THE REAL WORLD THROUGH COUNSELING AND INTRODUCTION KITS WHICH OUTLINE FINANCIAL AID PROGRAMS AND THEIR RESPONSIBILITIES -- GIVING THEM A SENSE OF OWNERSHIP TOWARD THEIR OWN FINANCIAL AND EDUCATIONAL FUTURES.

AS A PRIVATE SCHOOL DIRECTOR, I WOULD LIKE TO DISCUSS A FEW MISPERCEPTIONS ABOUT OUR SECTOR OF POSTSECONDARY EDUCATION. MUCH DEBATE HAS TAKEN PLACE AROUND THE DEFAULT RATES OF OUR SECTOR. BUT AS MANY HAVE ACKNOWLEDGED, THE HIGH DEFAULT RATES ARE NOT A REFLECTION OF THE QUALITY OF THE EDUCATION PROGRAM BUT RATHER A REFLECTION OF THE POPULATION SERVED.

THE DEFAULT RATE FOR THE PROPRIETARY SECTOR HAS BEEN DROPPING SINCE 1987. OUR COHORT DEFAULT RATE WAS NEARLY 40% THAT YEAR. IT DROPPED TO 32.6% IN 1988 AND 27% IN 1989. OUR SECTOR HAS SHOWN MORE IMPROVEMENT IN DEFAULT RATES THAN ANY OTHER SECTOR.

FY'86 -FY'87 DEFAULT RATES
AND PERCENTAGE CHANGE

TYPE & CONTROL	'86 RATE	'87 RATE	%CHANGE	*'88 RATE	%CHANGE
PRIVATE CAREER SCHOOLS	40	32.6	-7.4	26.8	-5.8
PUBLIC 2-YEAR	20	18.1	-1.9	15.64	-2.46
PRIVATE 2-YEAR	20	13.2	-6.8	15.07	+1.87
PUBLIC 4-YEAR	9	6.8	-2.1	6.07	-0.73
PRIVATE 4-YEAR	9	7.1	-1.9	8.98	+1.88

*SECTOR ANALYSIS INDEPENDENTLY CALCULATED BY JBL ASSOCIATES.

AS ALREADY MENTIONED, HIGH DEFAULT RATES ARE NOT A REFLECTION OF THE QUALITY OF THE INSTITUTION. BUT, THEY MAY REFLECT OUR COMMITMENT TO SERVE ALL STUDENTS NO MATTER WHAT TYPE OF EDUCATION THEY WISH TO PURSUE.

PRIVATE CAREER COLLEGES AND SCHOOLS ARE COMMITTED TO REDUCING TUDENT LOAN DEFAULTS AND PROTECTING THE INTEGRITY OF THE STUDENT AID ROGRAMS. IN FACT, A NATIONWIDE DEFAULT MANAGEMENT INITIATIVE WAS LAUNCHED IN 1986 BY THE CAREER TRAINING FOUNDATION, AICS AND NATTS. THAT INITIATIVE IS UNDERWAY HERE IN NEW JERSEY AND OTHER STATES ACROSS THE NATION.

MY SCHOOL, UNFORTUNATELY, HAS A HIGH DEFAULT RATE OVERALL. CONSEQUENTLY, THERE HAS BEEN A SIGNIFICANT INABILITY TO GAIN LOAN ACCESS ON THE PART OF THE STUDENTS WHO CHOOSE TO ATTEND MY SCHOOL. TO RECTIFY THIS SITUATION, NATTS AND AICS HAVE PROPOSED A NUMBER OF CHANGES TO REDUCE THE DIFFICULTY STUDENTS FACE IN OBTAINING A STUDENT LOAN. THE NON-DISCRIMINATION PROVISION WOULD BE EXPANDED TO PROHIBIT DISCRIMINATION BASED ON THE TYPE OF INSTITUTION, TAX STATUS, OR LENGTH OF EDUCATIONAL PROGRAM. ALL LENDERS MAKING LOANS IN THE STATE WOULD BE REQUIRED TO PARTICIPATE IN THE PROGRAM, WHICH WOULD ENSURE THAT HIGH-RISK STUDENTS WOULD STILL BE ABLE TO GET LOANS.

ADDITIONALLY MUCH OF THE INCREASE IN DEFAULTS IS ALSO DUE TO THE IMBALANCE BETWEEN THE LOAN AND GRANT MIX. DURING THE 1980'S THERE WAS A MAJOR SHIFT FROM GRANTS TO LOANS AS A SOURCE OF FINANCIAL AID. IN 1980, E MAXIMUM PELL GRANT COVERED 41% OF THE AVERAGE TUITION. BY 1990, IT ONLY COVERED 26% OF THE COST. THESE CHANGES MEAN EVEN THE NEEDIEST STUDENTS MAY LEAVE SCHOOL UNDER A CRUSHING BURDEN OF DEBT, A DIRECT CONSEQUENCE OF THE INABILITY FOR THE GRANT PROGRAMS TO KEEP UP WITH INFLATION.

I HOPE I HAVE GONE BEYOND MANY OF THE REAUTHORIZATION ISSUES TO ADDRESS YOUR WORKFORCE CONCERNS AND THE ROLE THAT PRIVATE CAREER SCHOOLS AND COLLEGES PLAY IN PREPARING A SKILLED WORKFORCE. IT IS NO MISTAKE THAT MANY POLICYMAKERS HAVE CALLED THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT ONE OF THE MOST IMPORTANT PIECES OF SOCIAL LEGISLATION THIS CONGRESS WILL ADDRESS. THESE ISSUES AND THEIR RAMIFICATIONS WILL IMPACT EACH INDIVIDUAL AND HIS OR HER PURSUIT OF THEIR AMERICAN DREAM AND, ON A BROADER SCALE, WILL SOLIDIFY OUR NATION'S COMMITMENT TO EDUCATIONAL OPPORTUNITY AND A SKILLED AMERICAN WORKFORCE.

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